

WORLD NEWS

TAX HARMONISATION 'OPPOSITION TO EU PROPOSALS WILL MAKE IT HARDER TO AVOID PRESSURES TO WIDEN MEASURES'

UK warned on eurobonds tax stance

By Peter Martin and Robert Peston in London

If Britain continues to oppose European Union proposals on taxation of eurobonds it will be much harder to avoid pressures for wider European tax harmonisation, according to Mario Monti, the European Commission's commissioner for the single market.

The UK government believes that European Commission proposals to end evasion of EU taxes on savings could damage the

position of the City of London as the home of the euro-bond market.

At the same time British ministers have been rejecting suggestions made by Bonn for a broader harmonisation of corporate taxation.

Mr Monti linked the two issues yesterday during a speech in London. He said he opposed the idea of minimum corporate taxes, but warned that avoiding such pressures required full implementation of the measures proposed last Decem-

ber to end "harmful" tax competition.

"An extreme position on the eurobond issue would unravel the whole package on the elimination of harmful tax competition," he said.

Full delivery of that package was essential, he said, "otherwise there will be more and more pressure for more ambitious forms of tax harmonisation, or tax co-ordination."

"It is politically not easy for the Commission to say 'no' to the mounting pressures for more ambitious

objectives," he said. To do so "requires full implementation of the existing package."

Mr Monti added that some countries in Europe would see British willingness to collaborate on savings taxes as a test of the UK's suitability for membership of the euro.

He said that the package on tax harmonisation was also essential if further steps in liberalising the European market for financial services - long sought by Britain - were to go ahead.

A Commission directive eliminating national restrictions on pension fund investments, currently in preparation, would be unacceptable to many members of the European Union, he said. Unless "some degree of tax co-ordination" was agreed.

Mr Monti said he supported this view. In any case, "irrespective of the fact that they are right, they are counting on it."

The measures against harmful tax competition were therefore essential if

further financial services liberalisation was to proceed.

In remarks which could embarrass the UK government, given the sensitivity of the issue in Britain, Mr Monti later added: "As far as taxation is concerned, we have the UK fully on board [for] the basic principle we are bringing along - that is, not harmonisation for the sake of harmonisation but rather some tax co-ordination."

Editorial Comment, Page 6

Russian doctors left to face empty medicine cabinet

Even once shiny, state-of-the-art hospitals are struggling to survive the financial crisis, writes John Lloyd

City Hospital No 2 is buried in a suburb of St Petersburg composed of row after row of massive, already-sagging apartment blocks. Although the hospital opened in the early 1990s, it too is scruffy looking. Its entrance hall is echoing and empty, with an air of indifference where some attempt at warmth might be expected.

But its operating theatres and intensive care units are sparkling, high-tech and carefully tended.

Racks of medicines stand in whitewood cabinets. In the ophthalmic department - the treatment of cataracts in the disproportionately elderly population of St Petersburg is a specialty - state-of-the-art machines jostle for space in the crowded examination rooms.

City Hospital No 2 is a show hospital, well funded and generously staffed. Yet it illustrates, better than the dank, stench-ridden barracks which are often the norm for hospitals in the Russian provinces, the crisis in Russian healthcare.

The state now supplies no more than 20 per cent of City Hospital No 2's budget - the rest comes from paying patients. The doctors and administrators give a clear impression that those who

can afford to buy treatment while those who cannot are treated as and when they can be.

To repeated questions of "How do you actually manage?" the answer is most often something like: "We do it with patience," the response of Vitaly Khilko, a senior surgeon.

This obfuscation springs largely from wounded pride. Professor Khilko is an innovative neurosurgeon who claims to have pioneered new forms of surgery in the 1970s. He and his colleagues, especially the more senior ones, find the present state of Russian medicine hard to bear. And to face the certainty that it will deteriorate is hideous.

But now there are no funds to renew the medicines, and no funds to service and maintain the equipment. Strokes are one of the most common causes of death - and if we can get the patient to hospital in time we can often save him. But the ambulance service is not geared up to this, and we have no funds to reform it."

When poverty and fatalism meet, it seems hopeless. Worse, the unbalanced age structure of St Petersburg, a

No funds. It underlies all of the conversations in the hospital, as the shock of what happened in August - when the ruble crashed and the scale of the crisis was revealed - sinks in.

The crash came on top of already exiguous funding. The state pays the equivalent of \$8 to buy food for one patient for two weeks, with a further \$6 for medicines over the same period. Now the doctors fear they will soon be looking at an empty budget.

Private medical insurance companies, both Russian and foreign, have started up in the past few years but, says Oleg Vastiev, dean of the Academy of Military Medicine who practises at the hospital, they represent a tiny fraction of the hospital's income.

"Our psychology is against it. They really only exist for foreigners. Russians have the psychology of fatalism, which is mixed with the feeling that the state will take care of it. If they have money, they buy vodka. You can give them a healthy life and don't drink heavily. But who listens?"

When poverty and fatalism meet, it seems hopeless. Worse, the unbalanced age structure of St Petersburg, a



A Russian nurse tends to a young girl in a rundown hospital

Ulrike Proulx

legacy of the second world war when men were slaughtered, means there are 1.2m pensioners in the city, mostly women, and a birth rate which is dropping fast.

The population fell by 600,000 last year. Russian men are dying in their late fifties and Russian women are not reproducing.

It had been getting better here and there. Christopher Dent, a fellow of Wolfson College, Oxford, and an expert on Soviet and Russian health, says that many infectious diseases were on the decline and the infant mortality rate, high by international standards, fell

slightly. But cancer, heart problems and tuberculosis have all worsened; and the brutal fact that Russians live on average 10 years less than western Europeans has not changed.

Now, says Dr Davis, further decline is inevitable. "The cuts in the budget only mean they can't afford western medicines - which make up 70 per cent of the total."

"And the fact that western drugs replaced Russian ones has severely damaged the pharmaceuticals industry here, so it can't respond. The same with the medical equipment industry. It is a

serious, a very serious situation."

The doctors of City Hospital No 2 - who earn \$125-\$350 a month on their state salaries - see colleagues leave the profession to go abroad or seek more lucrative work.

"They see their equipment rendered inoperative and their medicines run short and struggle with patients aged and fearful who often refuse to leave their hospital beds to go back to the isolation of bleak rooms."

"We will manage with patience," says Prof Khilko, but patience is becoming a much abused commodity in Russia.

Spain accuses EU of 'double standards'

By David White in Madrid

Spain is accusing richer European Union members of "double standards" in their efforts to freeze EU budget spending at current levels.

Ramon de Miguel, state secretary for Europe, said in an interview this week that governments were making a mistake if they thought a financing deal for the early 2000s could be done on the basis of cutting the funds allocated to overcoming inequalities.

Madrid estimates that holding spending at the average levels for the previous 1993-1999 budget period would mean an 18 per cent cut in current outlays on regional and other structural funds. Mr de Miguel strongly defended Spain's continued entitlement to the "cohesion" funds paid to the EU's poorest members and said it

would hold out on this issue even if it were left completely alone among the 15.

"As long as there is no satisfactory agreement, there will not be a deal," he said.

Proponents of a freeze include Germany, France, the UK and several smaller members. Mr de Miguel based his charge of double standards on their recent approval of a 20 per cent increase in EU research and development funding for the next four years. He called this "the cohesion fund of the rich" since it went mainly to large companies in the wealthier countries.

"One thing is stabilising the budget. Reducing economic and social cohesion is another," he said.

Spain's payments from the cohesion fund - paid also to Portugal, Greece and up to now Ireland - are set to rise to Ptas380 (\$1.25bn) next year, from Ptas165bn this year, out of total expected receipts from EU structural funds expected to exceed Ptas1,000bn.

Mr de Miguel said that, while the new German administration continued to question the continuation of cohesion payments for countries that join the euro-zone, it would be "absurd" to withdraw funding for Spain and Portugal just because they had succeeded in qualifying.

He argued that they had made "extraordinary sacrifices" and could have obtained higher economic growth if they had not complied with the entry criteria.

However, he said Spain would accept a "guillotine" clause to cut off cohesion funds as soon as the threshold level of 90 per cent of EU average income per capita was reached. Spain is expected to be at 80 per cent of the average next year. He added Spain would do "everything possible" to reach a pact on the 2000-2006 budget package by next March.

German telecoms ruling halted

By Ralph Atkins in Bonn

An important pricing decision which could have had far-reaching effects on competition in Germany's telecommunications market was shelved yesterday after the direct intervention of Werner Müller, the new economics minister.

Mr Müller in effect prevented the independent regulator from announcing this Monday the prices Deutsche Telekom, Europe's largest telecoms group, could charge competitors for access to the so-called "last mile" connections into customers' houses.

His action was swiftly condemned by new telecoms companies.

Harald Stöber, chairman of Mannesmann AG, one of the most successful fixed-line operators, said it was "clear that the politicians are protecting Deutsche Telekom". Analysis estimates Deutsche Telekom, which is 74 per cent owned by the state, has already lost up to 30 per cent of the long-distance market.

Under the previous government of Helmut Kohl, competition was encouraged between different operators renting infrastructure from Deutsche Telekom. The result was one of the most competitive markets in the world, with more than 200 licences issued.

But Mr Müller, who has previously complained about the impact of price competition on investment spending, argued yesterday that the new competitors were free to build their own networks.

"Double investment is usual in competition - and also in this market."

Deutsche Telekom had wanted to charge competitors DM47.26 (\$27.60) a month for local access - roughly double the rate the regulator was expected to agree and three times higher than its competitors said was reasonable.

NEWS DIGEST

ISRAELI SECURITY

Netanyahu to hold talks on south Lebanon

Benjamin Netanyahu, the Israeli prime minister, yesterday cut short his trip to Europe to review security arrangements in Israel's south Lebanon occupation zone after seven soldiers were killed over the past 11 days.

Mr Netanyahu had planned to fly from Britain to Spain. Instead, he was set to hold security talks on his return as opposition politicians called for a unilateral withdrawal from south Lebanon, which Israel first invaded in 1978.

According to Israel's defence ministry, the soldiers were killed by the militant Islamist Hizbollah group.

Last April, the Israeli cabinet adopted United Nations Resolution 425, which called on Israel to withdraw its army "immediately" from Lebanon. However, the cabinet made withdrawal conditional on the Lebanese government providing security guarantees to prevent guerrilla attacks on Israel's northern border as well as protecting the Israel-backed South Lebanese Army. Lebanon wants an unconditional pull-back.

Uri Lubrani, Israel's co-ordinator in south Lebanon, said any unilateral withdrawal would be "a recipe for a multi-sided war in Lebanon". Judy Dempsey, Jerusalem

KOSOVO KIDNAPPINGS

Rebels free prisoners

Kosovo rebels, in what they said was a "goodwill gesture", freed two kidnapped Serbian reporters and two moderate ethnic Albanian politicians yesterday.

The four were handed over to an international liaison team in Dragobilj in western Kosovo, deep inside areas where Kosovo Liberation Army (KLA) rebels are active.

"I think it is a good day for everybody concerned and for Kosovo," said William Walker, who heads the Organisation for Security and Co-operation in Europe (OSCE) mission that is trying to police a shaky truce.

The releases by the rebels, fighting for independence from Serbia for the southern province, whose population is overwhelmingly ethnic Albanian, were the second such gesture this week following the release of a Serb policeman on Tuesday. Reuters, Dragobilj

CYPRUS

Pledge to reduce tension

Glafcos Clerides, president of Cyprus, and Costas Simitis, Greece's prime minister, yesterday pledged to work towards reducing tension on the island, but declined to say whether the Greek-Cypriot plan to install Russian air defence missiles was still on track.

Mr Simitis, who wants to avoid a Greek-Turkish confrontation over the Russian missiles, said he supported a Greek-Cypriot proposal to demilitarise Cyprus. "Greece and Cyprus have no interest in escalating tension," he said. "Whatever defence measures we take are to protect Cyprus from a worsening Turkish threat."

The S-300 missiles are due to be shipped from Russia next month, but Greece has suggested they could be installed on Crete. An international effort to block their arrival on Cyprus will be stepped up next month, when Richard Holbrooke, the US special envoy for Cyprus, is due to hold talks with Mr Clerides and Rauf Denktaş, the Turkish Cypriot leader of northern Cyprus.

UN officials are trying to win Mr Denktaş's agreement on a set of confidence-building measures, including troop withdrawals. Greek officials said a formal UN proposal for a reduction of forces on Cyprus could be enough to persuade Mr Clerides to call off deployment of the Russian missiles. Kerin Hope, Athens

RUSSIAN POLITICS

Centre-right coalition formed

A group of leading liberal Russian politicians, including two former prime ministers, yesterday announced the creation of a centre-right coalition in an effort to regroup ahead of parliamentary elections due at the end of next year.

Sergei Kiriyenko, the prime minister sacked after the economic crisis in August, and Yegor Gaidar, leader of the government in 1991, combined forces with other prominent figures, including Anatoly Chubais and Boris Nemtsov.

Grigory Yavlinsky, leader of Yabloko, the only liberal party which scored above the 5 per cent necessary for parliamentary representation in the previous election in 1995, was noticeably absent from yesterday's alliance.

Their action comes in a renewed round of soul-searching following the murder of Galina Starovoi, a St Petersburg liberal politician, last Friday night. It follows the launch a week ago by Yuri Luzhkov, the mayor of Moscow, of his own new, politically central Fatherland party. He has flirted with both the Communists and the centre-right movements. Andrew Jack, Moscow

POPE MAKES APPEAL

'Ease debt of poor nations'

Pope John Paul, in a major Papal Bull proclaiming 2000 a holy year, suggested yesterday that wealthy nations should relieve debts of developing nations in order to remove "the shadow of death".

The Pope made his appeal in "Incarnationis Mysterium" (The Mystery of the Incarnation), and urged Catholics to seek forgiveness for past historical errors and carry out works of charity as humanity entered Christianity's third millennium.

"Some nations, especially the poorer ones, are oppressed by a debt so huge that repayment is practically impossible," the Pope said.

"It is clear, therefore, that there can be no real progress without effective co-operation between the peoples of every language, race, nationality and religion," he said. Reuters, Rome

VERONICA GUERIN

Man jailed for murder

An Irish court yesterday jailed a man for the murder of the journalist Veronica Guerin, who was shot dead in a Dublin street in 1996.

Paul "Hippo" Ward, allegedly part of a gang that imported hundreds of kilos of cannabis into Dublin, as well as guns and ammunition, was jailed for life after judges accepted the evidence of a state's witness, Charles Bowden, a former member of the gang.

The prosecution claimed that Mr Ward was a member of the gang that planned and carried out the killing. He was said to have made three confessions to investigating detectives but the court ruled these were inadmissible as evidence.

Mr Bowden told the court that Ms Guerin was murdered because she had accused the leader of the drugs gang of assault and he feared his drugs empire would collapse if he was sent to jail. John Murray-Brown, Dublin

ETBA Finance
ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.)
ANNOUNCEMENT
THIRD INTERNATIONAL PUBLIC TENDER FOR SALE OF THE TOTAL ASSETS OF "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A."

ETBA Finance Economic and Financial Services S.A., established in Athens (1 Efstathiou St.), as special liquidator of "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." which has been placed under liquidation by Decision No. 175/1997 of the National Court of Appeal and within the framework of Article 464 of Law 1602/1990, as supplemented by Article 14 of Law 2000/1991, is currently in liquidation and following instructions dated 19/10/1998 from the creditor, ETBA S.A.

A Third International Public Tender with sealed, binding offers for the total assets of "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." now under special liquidation.

ANNOUNCEMENT
Summary description of the company and its activity
"ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." owns and runs a hotel complex in the village of the peninsula of Monastiraki on a plot of land 20,500 m² in area. The unit has a capacity of 131 beds. The hotel unit consists of a two-story central building and two wings, 3,500 m² in area, a ground floor of 1,400 m² and a first floor of 670 m² as well as a parking complex with a total area of 4,500 m². Roadworks have been built in the surrounding area plus two swimming pools, a children's playground, a sports ground, etc. More information and a detailed description are contained in the Offering Memorandum.

Terms of the Announcement
1. The tender will be conducted in accordance with the provisions of Article 464 of Law 1602/1990 as supplemented by Article 14 of Law 2000/1991, as currently in force, the terms contained in the present Announcement and the terms contained in the Offering Memorandum, regardless of whether or not they are repeated in the present. The submission of a binding offer implies acceptance of all these terms.
2. For a full and complete description of the company for sale, interested buyers are invited to receive, on signature of a confidentiality agreement, the detailed Offering Memorandum and ask for any other information.
3. In order to participate in the tender, interested parties must submit a sealed, binding offer to the Kalamata notary public assigned to the tender, Mrs. Eleni Korkalaki-Royakou, established at Kalamata, tel. +30 721 80001, by 12 noon on Friday, 18 December 1998. Offers should be submitted in person or by regularly authorized representatives. Offers submitted beyond the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which the bidders wish to demand or which create vagueness with regard to the amount or the method of payment of the offered price or with regard to any other essential points. The liquidator and the creditors maintain the right, at their indisputable discretion, to reject offers which contain terms and conditions, or consider them to be non-compliant, in which case the offer remains binding with regard to the rest of its content.
4. Offers must be accompanied, on penalty of cancellation of the offer, by a letter of guarantee from a bank legally operating in Greece to the amount of one hundred and fifty million drachmas (GDR 150,000,000) as per specimen contained in the Offering Memorandum, valid until its return to the guarantor bank and guaranteeing both the substance of the offer submitted and any improvements made to it.
5. The offers will be opened by the notary in his office at 14:00 hours on Friday, 18 December 1998. Interested parties who have submitted binding offers within the time limit are entitled to attend the opening of the offers.
6. The sealed, binding offers must specify the offered amount and the method of payment (whether in cash or on credit). In the event that payment is to be on credit the offer must state the method of installment, when they are to be paid and the interest rate during the entire period up to final settlement, if interest is not made of a) the method of payment, b) whether the balance on credit will bear interest or not, c) the rate of interest, then it will be considered that the offer is made in cash, d) the balance on credit will not bear interest, or e) the rate of interest for the balance on credit will be calculated on the interest rate of the latest issue of state bonds of one year's duration, and d) the currency will be in drachmas.
7. Essential criteria for evaluating the offers are: a) the size of the amount offered, b) the guarantees provided for settlement of any balance on credit and the full payment of other terms, c) the reliability and creditworthiness of the interested party and d) the continued operation of the unit.
8. For all the above points as well as for the remaining terms to be agreed upon, the buyer must accept penalty clauses, additionally covered by property or other securities, which will guarantee compliance with the terms agreed upon.
9. In the event that payment is on credit, the present value will be taken into account in evaluating the offer, which will be calculated on the basis of a 12% annually discounted interest rate. If the offer is made in foreign currency, the final price will be calculated on the final day for the submission of offers to the present tender, will be used for the conversion into drachmas.
10. The highest bidder to the tender will be the one whose offer will be deemed by the creditor ETBA S.A., following the proposal to the effect by the liquidator, to be the most satisfactory for the company's liquidation's creditors.
11. The elements which make up the company's assets shall be sold "as is and where is" and, more specifically, in their actual and legal condition and at the place where they are situated on the day of signature of the sale contract. The liquidator, the company in liquidation and the creditors are not responsible for legal or actual defects or deficiencies of any kind of the assets for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum. Interested parties, should, with their own means and diligence and responsibility, and at their own expense, look into and form their own assessment of the objects for sale. The submission of an offer implies that the interested party is fully aware of the legal and actual state of the objects for sale.
12. In the event that the person to whom the assets of the company under liquidation are adjudicated fails in his obligation to appear at the time and place specified in the liquidator's invitation, in order to sign the relative contract in accordance with the terms of the present Announcement and of his offer, as fully complied, then the guarantee, as above, is forfeited in favour of the liquidator and the creditors in order to cover all expenses of any kind, time spent and real or paper losses sustained, with no obligation to provide proof of such, or consider the amount as a penalty clause and collect it from the guarantor bank.
13. The liquidator bears no responsibility towards participants in the tender, both with regard to the report assessing the offers or to the proposal of the highest bidder. Also, he is not liable and has no obligation to the participants in the tender in the event that the tender is cancelled or declared null and void if the result is deemed unsatisfactory.
14. Those parties taking part in the tender and submitting offers do not acquire any right, claim or demand from the present Announcement and from their participation in the tender, against the liquidator or the creditors for any reason or reason.
15. According to para. 13 of Article 464 of Law 1602/1990 the sale contract and the necessary transfers accruing from it and any other relative transactions are exempted from taxes, dues or state or third party rights or stamp duties, while the rights and fees of all entities, lawyers, notaries and mortgagees are restricted to 20%. Any expenses incurred in the sale of the assets (NOT, the fees of lawyers, notaries and mortgagees, etc.) rights and other expenses are to be borne by the buyer.

The present text is drafted in Greek and translated into English. However, in the event of differences occurring in translation, the Greek text will prevail.

In order to obtain the Offering Memorandum and for any additional information, please apply to the office of the liquidator 1 Efstathiou St. Athens, Tel. (210) 7252210, 7252505 and Fax (210) 7255994.
Attention Mr N. Skarvelitis - Mrs. E. Anagnostidou

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THE AMERICAS

Congress blow to Mexican budget

By Henry Tricks in Mexico City

Mexico's 1999 budget negotiations are on the rocks this weekend after an explosive confrontation between José Ángel Gurría, the finance minister, and the opposition-led lower house of Congress, which he labelled a "circus".

Opposition deputies have called for Mr Gurría's resignation and promised to strengthen their efforts to defeat the government's budget plans, which are the most austere - and unpopular - in recent Mexican history.

They predict a bruising battle in the next two weeks before Congress takes its Christmas break on December 15. If Mexico lacks a budget by December 31, all public spending, including debt payments and salaries, will be frozen.

"These insults make the negotiations enormously difficult. They shouldn't be expected from a finance minister," said Santiago Creel, a leading deputy for the pro-

business opposition National Action party (PAN).

Mr Gurría said he would not step down, but he also indicated he could be flexible if the opposition sought to reshape parts of the budget. That was a more conciliatory tone than he took in the lower house on Thursday, when - defiantly defending his budget - he twice described the proceedings as a circus, ignoring a sharp reprimand from the chamber president.

His blunt appraisal, though a violation of protocol, was prescient. Shortly afterwards two congresswomen were lunging at each other with their fingernails and a labour union boss punched a reporter.

The uproar was triggered by Mr Gurría's refusal to reveal latest figures on the cost of bailing out the ailing banking sector since 1995 - a touchy political issue. One legislator offered the finance minister a pocket calculator to do the sum, but he still declined.

Late on Thursday Mr Gurría called a press conference to announce that the cost of the bailout had risen in six months from 552bn pesos to 610bn pesos (\$61bn). The increase was greater than the amount proposed for fighting extreme poverty in next year's budget.

Mr Creel said PAN would seek consensus on the budget, but there would be no deal unless the government agreed to its proposals to reform Polanco, the contingency fund handling the bank bailout. Its proposals include the resignation of Guillermo Ortiz, central bank governor, a loyal ally of President Ernesto Zedillo.

In its own budget proposals due next week, PAN will seek to scrap a planned telephone tax and a 2 per cent state sales tax proposed by the government. It shares Mr Zedillo's goal of a tight budget deficit next year, but that aim has been complicated by the latest plunge in oil prices, a big source of government revenues.



Popocatepetl volcano (above), south-east of Mexico City, erupted strongly on Thursday, throwing blazing rocks three miles

PINOCHET CASE HANDLING 'NOT POLITICALLY MOTIVATED'

UK eager for good relations with Chile

By David Buchanan, Diplomatic Editor, in London

Britain yesterday sought to assure Chile that its handling of the case of Augusto Pinochet, the former dictator, was not "politically motivated", and that whatever the case's outcome it wanted good relations with Santiago.

Robin Cook, the foreign secretary, yesterday met his Chilean counterpart, José Miguel Insulza, who has arrived in Europe to lobby both the British and Spanish governments in the wake of Wednesday's ruling by the House of Lords, Britain's highest court. The law lords ruled that General Pinochet could not claim "sovereign immunity" as a former head of state to resist extradition to face genocide and torture charges in Spain.

Mr Cook said he explained to Mr Insulza, in an apparently cordial meeting, that neither the original arrest by British police responding to

a Spanish extradition request, nor the subsequent legal ruling, was politically motivated. He said the British cabinet would leave Jack Straw, the home secretary, who must authorise the extradition proceedings, free to decide on his own.

"I explained that the next stage of the extradition process involved a decision by the home secretary acting independently in accordance with his statutory responsibilities," Mr Cook said, "and that this was not a matter for collective ministerial discussion."

A London magistrates' court yesterday gave Mr Straw until December 11 for his decision on the proceedings. It had originally set December 2 as the date for Gen Pinochet to appear in court to hear Mr Straw's decision.

Mr Straw wanted more time because the House of Lords took longer than expected to reach its verdict, and because he is anxious to

show he has listened to all sides before coming to a decision that will be acutely difficult either way. Human rights supporters and many in Mr Straw's own Labour party hailed the Lords' ruling, which was deplored by many on the right of UK politics and in British business, fearful of Chilean trade reprisals.

Mr Cook reminded Mr Insulza that the case was "a matter for due legal process, not diplomatic negotiations". Nonetheless, the Chilean foreign minister went on to see officials at the prime minister's Downing Street office yesterday, and is expected to go on to Spain to continue his pleas for the general to be spared.

Whatever Mr Straw's decision, it is likely to be appealed against. In view of this, Mr Straw is taking pains over it, while his cabinet colleagues are trying to avoid any impression of exerting political influence on him.

Argentina's secret trade with the Nazis: quinine, golf balls, diamonds

Commission's findings on dealings with the Third Reich are proving controversial - and intriguing, reports Ken Warn

A recently discovered smuggling transaction between Argentina and Nazi Germany has puzzled researchers: an illegal shipment to the Nazis, in a tin-lined suitcase, of quinine, liver extract and three golf balls.

Whether the balls contained espionage material vital to Hitler's war effort, or were merely intended to give golf-starved high-ranking Nazis a pleasant day on the links, may never be known.

The deal, unearthed by a US-based researcher, Christel Converse, appears typical of the low-volume, high-value illegal exports with which Argentina helped the Nazis. The sales included supplies of platinum, industrial diamonds and castor oil

- the latter probably intended to lubricate the insides of fine machinery rather than of SS officers.

Mrs Converse is one of a team of international researchers working for the Commission of Inquiry into the Activities of Nazism in Argentina, set up by the Buenos Aires government last year. She alone has examined up to 300 boxes of material at the US National Archives in College Park, Maryland, part of an international research effort that also embraces the Vatican, Brussels and Paris.

Each box at College Park contains 500 pages of material, including documents of the FBI, US Treasury, Federal Reserve and State Department. The FBI files

are the least reliable, says Mrs Converse, full of speculation and dependent on "questionable sources".

This is no mere academic project. The preliminary findings of the commission, due to present a final report next year on one of the murkiest aspects of Argentina's past, are already proving controversial.

Its view that at least 150 Nazi war criminals sought refuge in Argentina was this month criticised by the Nazi-hunting Simon Wiesenthal Centre, which claims the figure is too low.

The commission has also found fresh evidence prejudicial to Gen Juan Domingo Perón, Argentina's president from 1946 and founder of the current ruling party. Perón

was fully aware of efforts to shelter many prominent Nazis, according to the commission.

These efforts intensified after 1948, when Allied vigilance over Germany eased. Perón's political heirs prefer to see him as the founder of the country's welfare system rather than an admirer of Hitler and Mussolini, let alone a man who turned a blind eye to war crimes.

In another controversial finding - or lack of it - the commission has failed to produce evidence that looted "Nazi gold" entered Argentina after the war in any sustained or systematic way.

It dismisses rumours, current in Argentina for decades, that German submarines delivered great quantities of stolen assets, and fleeing Nazis, to the country's shores.

However, the findings of Mrs Converse, working with historian Ronald Newton, have produced many insights into the day-to-day operations of the Nazis in Argentina, an officially neutral country until 1944 that only declared war on the Axis powers in the dying stages of the conflict.

Argentina mattered to the Nazis. Recently declassified documents in the US show the Third Reich spent lavishly on its war effort there, especially on propaganda aimed at keeping Argentina from siding with the Allies - not a straightforward task.

Germany's embassy in Buenos Aires was constantly seeking more money to bribe journalists and other "influentials". British and American economic interests in

the country far outweighed those of Germany.

Much of the financing for Nazi economic propaganda came from the "Firmen-Ring", the local units of big German companies operating in Argentina, such as Siemens and Bayer. These "donations" were offset by payments or credits to the parent companies in Germany, investigators say.

The research has also found evidence of heavy clandestine movements of German capital into Argentina from the late 1930s, with a view to protecting it from seizure by the Allies. Even before the war many Germans appear to have been worried that the Third Reich might not, in fact, last a thousand years.

One of the many front-men for these operations may have been Fritz Mandl, "an

Austrian arms manufacturer of great business acumen, technical ignorance, and ideological flexibility", according to the researchers.

Long rumoured as a kind of Argentina-based fund manager for parts of the Nazi hierarchy, Mandl even came by 1948 to manage some of Perón's personal investments, according to one German intelligence operative questioned by the Allies. No details of these transactions have been found.

A separate commission report on the links between Argentina's central bank, the Axis powers and neutral countries calls for more research on Argentine gold purchases from the Bank of Portugal, and on individual bank accounts held in Argentina. The Central Bank of Argentina was a seller,



Juan Perón: turned blind eye to war crimes

rather than a buyer, of gold to the Swiss during the war, but "Nazi gold" operations involving other third parties cannot be ruled out.

"We might still come up with a big splash on Nazi gold, but so far we haven't found it," sighs Mrs Converse, before heading back to the document stacks.

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FINANCIAL TIMES

No FT, no comment.

INTERNATIONAL

JIANG VISIT CHINESE PRESIDENT'S TRIP TO TOKYO TURNS INTO PUBLIC RELATIONS DISASTER

Japanese wartime gaffe wounds Chinese feelings

By Naoko Nakama
in Tokyo and James Kyngye
in Beijing

The first visit by a Chinese head of state to Japan descended further into controversy yesterday after a top Japanese official claimed that only a "small group of militarists" were responsible for Japan's aggression in China during the second world war.

The remark by Hiromu

Nonaka, the chief cabinet secretary in Japan's government, threatened to undermine a visit which it had been hoped would help the Asian rivals open an era of co-operation.

"Isn't this a finished

problem?" asked Mr Nonaka,

referring to the wartime past

which has been a focus of

the visit of Jiang Zemin,

China's president.

"There is a school of

thought that Japan has

already reflected on its past and apologised to China any number of times before," Mr Nonaka told journalists.

A small group of

militarists were responsible

for the war in China and we

cannot erase the fact that

this created many victims

on both sides," Mr Nonaka

said.

China had hoped for an

unqualified apology from

Japan for its wartime

aggression. Comments such

as Mr Nonaka's have aroused vehement protest from China in the past and initial reactions in Beijing yesterday were of shock.

It is an insult," said one

academic at a Beijing

think-tank, who declined to

be identified.

The controversy followed

Beijing's disappointment

over Tokyo's failure this

week to apologise for the

war in a joint declaration.

The declaration noted

Japan's "deep remorse" and Keizo Obuchi, Japan's prime minister, made an oral apology, but this fell short of Beijing's hope for a written apology.

Diplomats in Beijing said

one reason for the

unexpected disappointment

of the summit was the

perception in Japan that,

during a visit to Moscow, Mr

Jiang had changed Russia's

attitude to Tokyo's bid for

permanent membership of

the United Nations Security Council.

In early November Mr

Obuchi won a clear

statement of support from

Boris Yeltsin, the Russian

president, for Japan's

accession to the Security

Council.

But a joint Sino-Russian

declaration this week diluted

this support into a statement

that noted that the

"possible" expansion of the

Council should be based on a

"consensus among United Nations member countries".

China has often indicated its

opposition toward Japanese

membership, but member-

ship is a key foreign policy

goal for Tokyo.

Japan was incensed at

the way Beijing appears to

have turned Moscow's point

of view on this," said one

diplomat in Beijing.

Japan and the war,

Page 7

JAPANESE ECONOMY FIGURES SHOW FEWER VACANCIES AND COLLAPSING RETAIL SALES

Recession deepens despite three big stimulus packages

By Alexandra Harvey in Tokyo

Japan sank deeper into its worst recession since the 1950s last month, in spite of government efforts to jump start the economy with several huge stimulus packages.

Dismal economic data released yesterday coincided with government approval of a ¥5,850bn (\$47bn) supplementary budget to fund the three stimulus plans launched in recent months.

The budget, which is expected to be passed by parliament by the end of the year, is directed at last week's ¥24,000bn package, that includes reductions in corporate and income tax rates and extra public works spending.

The data underlined

the urgency of economic situation,

with an unemployment

rate in October, although

unchanged from the previous

month at 4.3 per cent,

still the highest since

records began. The jobless

rate for women, however,

climbed to 4.34 per cent,

another record high and a

marked increase from the

4.16 per cent recorded in September.

Labour conditions

appeared to have deteriorated

across the economy,

with the number of available

jobs per 100 applicants slid-

ing to 43 from 49 the previous month. This was the lowest level since the index began in 1983.

The labour market reflects the slowdown in industrial production over the past year in response to weakening consumer demand. Industrial output shrank 3 per cent year on year in October without adjustment for seasonal changes in demand, according to the ministry of international trade.

However, a 3.1 per cent drop in inventories suggested that manufacturers were accelerating their plans to clear out surplus stocks. In September, inventories fell only 2.1 per cent year on year.

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The production cuts - particularly by steel manufacturers and carmakers - have forced companies to reduce overtime hours, which represents a critical part of worker salaries. Manufacturers' overtime - *zangyo* in Japanese - tumbled 15 per cent year on year in October, according to labour ministry statistics. It was the eighth consecutive month of double-digit declines for after-hours work.

The overtime hours average slid 8.8 per cent to 11.4 hours per week, with average compensation dropping 8.2 per cent to ¥24,162.

These data added up to a "vicious cycle" that the Japanese government's stimulus packages would be unlikely to arrest, said Jeffrey Young, economist at Salomon Smith Barney in Tokyo. "This is something that fiscal policies can overcome, but the scale of production cuts theoretically necessary to get inventories to a manageable level is very big."

Inventory reduction would allow companies to step up production and increase wages, thereby raising manufacturers' capacity utilisation rates and improving profitability. But the danger is that the

current cycle will feed a deflationary spiral, where consumers, expecting price cuts in the future, postpone purchases and thereby damp down demand even further.

Consumer prices moved up 1 per cent year on year in November, but the management and co-ordination agency, which tracks prices, said the increase was an irregularity: heavy rains had artificially inflated the price of fruit and vegetables in Tokyo.

The core index, which includes food, slid 0.2 per cent this month.

The deterioration in consumer sentiment has had a clear impact on retail sales, however.

These have collapsed in the past year, sparked by an increase in the consumption tax from 3 to 5 per cent in April 1997. This decline accelerated in October, as retail sales dropped 5.5 per cent year on year. In September retail sales had fallen 3.8 per cent.

Analysts said these trends were likely to continue until the government could convince Japanese consumers, anxious about future salary cuts and stability in the financial system, that it was safe to spend their yen again.



Face in a crowd: China's President Jiang Zemin smiles during his visit to Japan

Funding plea by UN cities agency

By Mark Turner in Nairobi

The troubled United Nations Centre for Human Settlements (Habitat), the UN arm dealing with rapid urbanisation, has warned that, if donors do not honour funding pledges this year and increase commitments for 1999, its existence will be at risk.

Klaus Toepfer, Habitat's director, said failure to augment pledges of \$1m for next year's budget would be "really life-threatening", and called on donors to disburse more than \$1m of unpaid commitments for 1998.

The plea follows two years of profound crisis for the Nairobi-based body, which has suffered scathing criticism for its lack of coherence, transparency and effectiveness. Previously loyal donors such as the Netherlands are withholding contributions until they see significant changes.

A recent UN report concluded that Habitat was in a "perilous state", suffering from a debilitating "leadership vacuum" prior to Mr Toepfer's appointment, and poor senior management described by staff as "autocratic, intimidatory, inefficient and secretive".

The report identified serious "divisions between projects, programmes and even between colleagues", while a lack of funding had forced Habitat to chase donors and projects "in a manner more likely to be found in a commercial consulting concern", resulting in a dangerous loss of focus.

In a bid to return to international favour, Mr Toepfer says that Habitat has embarked on a complete overhaul which should be completed by next May.

Speaking after a strategy meeting in New York this week, Mr Toepfer stressed that "Habitat will and must emerge as a stronger and far more visible entity", separate from other UN bodies, with its own management, mandate and funding.

Habitat insists that, despite its shortfalls, there is more need than ever for a body to help manage urbanisation.

Experts say that governments must be shown how to improve internal co-ordination, and how to encourage residents to develop localities themselves by improving security of tenure.

"When we speak to slum dwellers, they are reluctant to make improvements because they think they will be bulldozed," said Sharad Shankardass, a Habitat expert. "There must be guarantees this will not happen."

FINANCE MINISTER VETERAN POLITICIAN TO RESIGN SOON □ POOR GDP FIGURES LIKELY NEXT WEEK □ REFLATION PACKAGE ALARMS BOND MARKET

Miyazawa departure adds to economic uncertainty

By Gillian Tett in Tokyo

Uncertainty about who will replace Kiichi Miyazawa as Japan's finance minister added to worries about the country's economic prospects yesterday.

Mr Miyazawa, 78, confirmed he was planning to resign soon. The move had been widely expected since Mr Miyazawa had made clear when he was appointed

earlier this year that he did not intend to stay as finance minister for any length of time.

However, Mr Miyazawa did not say precisely when he would leave. His departure is widely expected to occur after a special session of parliament has ended in late December, but Keizo Obuchi, Japan's prime minister, yesterday indicated he did not expect to

form a new cabinet until January.

As a result the post of finance minister may be left unfilled for a few weeks, according to politicians in Japan's ruling Liberal Democratic party (LDP).

That would introduce a new note of uncertainty into Japan's policy-making process.

Some LDP officials suspect

that Mr Miyazawa's resigna-

tion will clear the way for Koichi Kato, former secretary-general of the LDP and Mr Miyazawa's successor at the head of his faction within the party, to bid for the premiership next year. It is also expected to make it easier for the LDP to conclude an alliance with the Liberal Party, a key opposition group.

Separately, government officials warned yesterday that Japan would face yet more downbeat economic news next week with the publication of the third-quarter gross domestic product data.

These figures would "not be positive" for the economy, since they would probably show a further downturn in consumer sentiment, Takafusa Shioya, deputy head of Japan's Economic Planning Agency, said.

The GDP figures, which follow several quarters of recession, are likely to fuel market concern about the current downturn in the Japanese economy.

Even the cabinet's agreement yesterday to implement an additional ¥5,850bn (\$47bn) budget for fiscal 1998 triggered alarm in the bond markets, because of fears that it may lead to an increase in government debt.

In particular, there is growing unease that the government's plans to implement a record ¥24,000bn stimulus package next year will push the country's budget deficit up to unsustainable levels.

The yield on 10-year Japanese government bonds yesterday surged 0.025 percentage points to 1.075 per cent, after bond prices fell for the sixth consecutive day.

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سكاي نيوز

BRITAIN

EUROPEAN PARLIAMENT CONSERVATIVES PUSH LABOUR PARTY INTO THIRD PLACE AFTER LOW TURNOUT

Nationalists hold Scots Euro seat

By James Burston in Edinburgh

The Scottish National party yesterday held its North East Scotland seat in the European parliament in an election with an unusually low turnout.

The surprise in the result was that the Conservative party pushed the governing Labour party into third place.

Alex Salmond, leader of the SNP, called it a blow for "all the unionist parties" with Conservative support 4 per cent down on the party's vote in the 1997 national

elections, in which all Conservative MPs in Scotland lost their seats.

Ian Hughton, the SNP candidate, was widely expected to hold the seat in an area of Scotland that includes several of its strongholds. But Labour hoped to come a good second. Several senior cabinet ministers took part in the campaign: and Tony Blair, the prime minister, went to Scotland to warn of the dangers of the SNP's policy of independence.

The turnout in the last big electoral test before next

May's elections for the new Scottish parliament was 20.5 per cent. Labour failed to mobilise enough voters in its urban heartlands of Aberdeen and Dundee whereas the SNP brought out sufficient numbers in the small towns and rural areas.

Mr Hughton, who received 57,445 votes, a majority of 33,701, over Struan Stevenson, the Conservative candidate, said the victory was "a launchpad for our campaign for the Scottish parliament next year".

Mr Salmond said Labour had been humiliated. "This

is a disastrous result for London Labour and shows that their policy of 'nationalism' has backfired spectacularly," he said.

The result will boost morale in the Scottish Conservative party, which held the seat in the 1980s but continues to languish in the Scottish opinion polls. Mr Stevenson said the Conservatives were once again a force to be reckoned with in Scottish politics. "To see Tories actually smiling is almost a new experience and one I'll savour for a long time," he said.

Kathleen Walker Shaw, the Labour candidate, who was 1,688 votes behind Mr Stevenson, said the result was "one that none of us can come out from with any benefit because it was a disappointing turnout".

Keith Raffan, the former Conservative MP who stood for the Liberal Democrats, took 11,753 votes, 10,833 behind Labour.

The by-election was caused by the death in August of Allan Macartney, the popular SNP European parliament member, who had a majority of 51,227.

CARS DEAL DEPENDS ON UK STATE AID

BMW reaches agreement with union chiefs at Rover plants

By John Griffiths in London

About 2,500 of the 39,000 employees at BMW's Rover offshoot will lose their jobs if trade union members accept deal agreed between the company and union leaders yesterday.

Subject to the workforce ballot, endorsement by the BMW board and financial assistance from the UK government, the future of Rover's big Longbridge factory in the English Midlands should be secured. The provisional deal that Rover union chiefs brought back yesterday from a Munich meeting with Bernd Pischetsrieder, the chairman of BMW, will entail many changes in working practices. They are aimed at reducing what Mr Pischetsrieder claims is a yawning productivity gap between Rover's UK plants and BMW's plants in Germany.

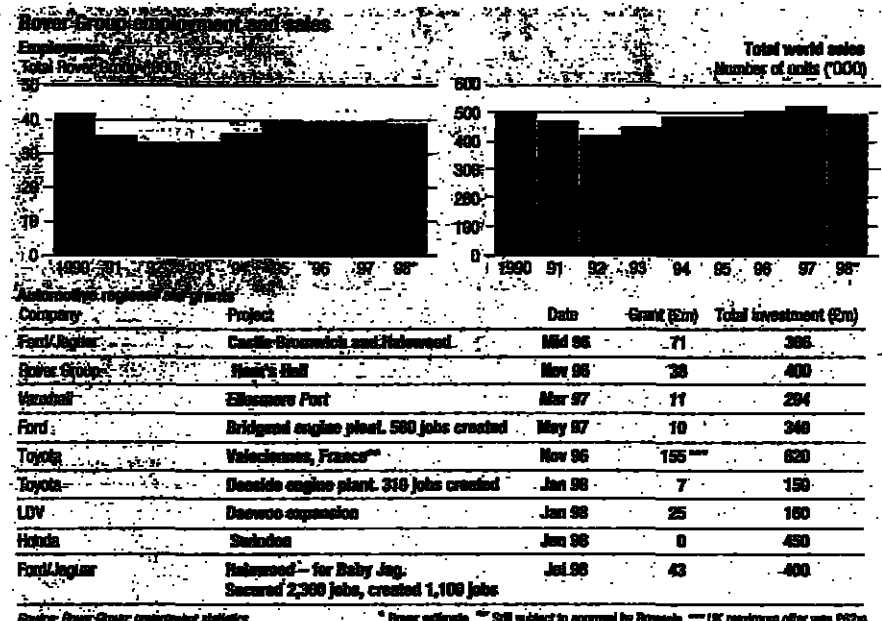
But the long-term benefits of the deal far outweigh the

short-term pain for those who remain at Longbridge. Provided there are no hitches - particularly over government and EU aid - Mr Pischetsrieder should be able to announce a £1.7bn investment programme for Longbridge by early next year.

Almost £1bn (£1.6bn) of it will be used to create a state of the art production facility at Longbridge, currently a big but ramshackle collection of assembly operations that has suffered under investment. It should be capable of producing half-a-million cars a year, equivalent to Rover's current annual output.

A further £500m will go into the development and production of a new range of cars. Half is earmarked for the new Mini, which should go into production at Longbridge at the end of 2000 at a rate of 150,000-170,000 units a year.

The other £400m will be



dedicated - assuming government assistance is forthcoming - to bringing to market a range of new cars currently codenamed R30 and R35. These will replace the 200 and 400 models currently built at Longbridge. But the R30 and R35 will not be simple model replacements. In the same way that Volkswagen, Europe's biggest carmaker, cut costs and achieved record profitability by building a wide variety of VW, Audi, Seat and Skoda cars off just four platforms - the basic engineering structure of a vehicle - so Rover will have related families of vehicles, with their production integrated between

Longbridge and the company's smaller plant at Cowley, near Oxford. Rover is already spending more than £700m producing the Rover 75, its new executive car, at Cowley in the spring at a rate of 150,000 units a year. It is also planning to create a second assembly facility at Cowley with the potential to increase output to 250,000 cars a year by assembling additional variants of the R model ranges.

With Rover's third plant, Solihull, already producing 200,000 Land Rover models a year - more than double its output level of the early 1990s - the deal now in pro-

spect for Longbridge should put Rover and BMW on course for the combined output of 1.5m-plus vehicles a year. Prof Gerd Rhyds of Cardiff Business School, says this is the minimum the group needs to achieve its goal of becoming a long-term global company.

Assuming a ballot endorses the deal, Rover's and BMW's attention will turn to the question of government financial assistance for Longbridge. The group believes there could be as much as £170m available to offset the projected £1.7bn Longbridge bill.

Flexibility, Page 7

Egg sales soar as TV chef stirs the nation

By Deborah Hargreaves in London

"It's the smell of grease that you notice first," says Caroline, a Parisian visitor, confirming the dreary reputation enjoyed by British food overseas.

But there has been a renaissance in recent years and many top chefs now practise in London. Even ordinary households have become more adventurous, inspired by a new generation of TV cooks.

Delia Smith, Britain's favourite TV chef, has been broadcasting for 25 years. She has probably done more than anyone to change the nation's eating habits. When Ms Smith mentions an ingredient on her TV show, it sells out.

British egg sales have soared since she showed her 5m-strong audience how to boil an egg and make an omelette in her new *How to Cook* series on BBC TV. Sales jumped 10 per cent - or an extra 1.3m eggs a day - in 6 weeks, reversing a 10-year decline.

Three years ago sales of crumpets rocketed by 350 per cent after she used them in her *Winter Collection* series. Her chocolate truffle torte cleared Europe of its entire stock of liquid glucose.

This week's programme mentioned a particular type of flour that makes a white sauce without fat. Leading supermarkets have already sold out.

Ms Smith is a national icon. Few middle-class kitchens would be without one of her cookery books. She has sold more than 10m and amassed a fortune of £24m, making her one of Britain's richest women.

She has guided the nation's eating habits away from the stodgy staples of the 1950s towards more Mediterranean influences and exotic ingredients. She has also reworked some British basics, such as steak and kidney pudding.

Ms Smith's homely image has encouraged people to trust her forays into new cookery territory. While other TV chefs trade on their flamboyant personalities, Ms Smith has remained unexciting but dependable throughout her long career. "People listen to her and do what she says. They do not just watch her programmes for the entertainment value," the BBC said.

She may use sun-dried tomatoes, mascarpone cheese and coriander - all of which were virtually unheard of in Britain five years ago - but she explains where they can be bought and exactly how to use them.

She tests every recipe at least 30 times to ensure it works.

NEWS DIGEST

NORTHERN IRELAND

New armed terror group threatens assassinations

Masked and armed men claiming to represent a new anti-republican paramilitary group in Northern Ireland have threatened "to defend our people and if it comes to the crunch we will assassinate the enemies of Ulster". It was reported yesterday. The self-styled Orange Volunteers warned of attacks against republicans freed early from prison as part of the April peace agreement. One of the six men who summoned a journalist from Ulster Television to a meeting, reading from a prepared statement, said: "This organisation cannot allow republican prisoners to walk free with impunity while wives and families of people have to visit the graves of their loved ones murdered by republican scum. Those prisoners are fair game."

The man said he did not believe the IRA's war was over. "It is just part of their long-term strategy to get not just the troops out but also the British people of Ulster out, too. We cannot and will not allow that to happen," he added. The organisation produced a "covenant" setting out its aims. It said: "We are defenders of the reformed faith. Our members are practising Protestant worshippers." It denied links to existing organisations such as the Orange Order.

● The victim of what appeared to be a paramilitary-style "punishment beating" was recovering in hospital yesterday with two broken legs and a broken wrist. The 25-year-old man was attacked by four masked men outside his home with what police described as "metal objects".

TELECOMMUNICATIONS

Licence fee overhaul proposed

Telecommunications operators will be charged licence fees in proportion to their turnover under proposals put forward yesterday by Ofcom, the industry regulator. David Edmonds, Ofcom director-general, said the new charging structure would be fairer and more transparent. Licence fees, which pay for Ofcom's operations, rise £12m a year, about half of which is paid by British Telecommunications, the privatised utility. The rest is divided between the remaining 200-or-so operators. Public telephone operators, such as AT & T and Energis, pay £20,000. A paging company could pay only £1,000. All new entrants will have to pay a flat fee under the new rules. Mr Edmonds said the overall effect on companies was likely to be small. Alan Cane, London

TEXTILES

Dewhirst to close two factories

Dewhirst, the textiles producer, yesterday announced the closure of two factories in northern England with the loss of 800 jobs. The company, which employs 5,500 people in Britain, blamed difficult trading conditions. The closures have occurred as the textiles industry is under increasing pressure due to the strong pound. Ron Bales, a regional officer for the GMB trade union, said: "The company is moving work to its three new factories abroad. We believe it has always been their intention to move the work abroad where it is cheaper. Peter Marsh, London

ENTERTAINMENT VENUES

Doormen get job specification

A job specification for bouncers - big doormen who deter unwelcome visitors from entering bars and nightclubs - has been written by the British Standards Institute. BSI - in conjunction with industry representatives, the Home Office, police and leading London nightclub Ministry of Sound - yesterday published a draft code to set standards for the 100,000 men and women employed as door supervisors in Britain. The code includes guidance on appearance and behaviour, and demands training in drug awareness, first-aid, fire safety and handling conflicts. Doormen are currently licensed by municipal authorities. As each sets its own requirements there is no national guarantee of standards. "This code will establish a national benchmark which we hope local authorities will start to use as a condition of granting entertainment licences to venues employing doormen," said David Lazenby, BSI director of standards.

Ministers' interest was increased before last year's general election, when Ian McCartney, now a trade minister, had his nose broken when a bouncer head-butted him for campaigning for a national registration scheme. "People are badly beaten in pubs and clubs every night by those supposedly employed to protect them; criminals have infiltrated the industry," he said. Simon Buckley, London

HEALTHCARE JOURNALISM

FT writer wins award

John Willman, the FT's Consumer Industries Editor, has been named Healthcare Journalist of the Year in the 1998 Norwich Union Healthcare/Medical Journalists' Association awards. The award was presented by Walter Merricks, the insurance ombudsman, for what he described as "a thought-provoking feature examining the case for introducing charges for some NHS services". The article drew on work carried out by the author last year while on sabbatical as research fellow at the Social Market Foundation, since published as *A Better State of Health* (Profile Books).

FOREIGN OFFICE NEW EMBASSIES ANNOUNCED IN CARIBBEAN, WEST AFRICA AND SOUTH PACIFIC

30 extra diplomats to be posted to EU

By David Buchan, Diplomatic Editor

Six new embassies were announced yesterday by Robin Cook, the foreign secretary, after a review of UK diplomatic representation.

They will be in St Kitts and Dominica in the Caribbean; Guinea, Mali and Gabon in west Africa; and Kiribati in the south Pacific. Consulates will be opened in Chongqing, China, and Fukuoka, Japan.

Mr Cook laid out his plan to use money given to the Foreign Office after this

year's government spending review to recruit an extra 200 diplomats and 175 other staff, close five consular posts, open nine others and sell £100m (£165m) worth of overseas property. The proceeds will be used to modernise other posts.

The moves reflect new European and commercial priorities. An extra 33 diplomats are to be posted to European Union countries and an extra 21 to EU candidate countries in eastern Europe. Representation in the five countries around the Caspian Sea will be doubled to 30. Caspian states would soon produce a tenth of the world's oil, Mr Cook said.

Britain had fewer representatives in the region than France or Germany because the former Conservative government cut overseas posts when many of these states were emerging from the

Soviet Union. Mr Cook noted that he was closing far fewer posts than the 30 mooted in an internal document leaked to the press this month. The Foreign Office is also to scrap its hallowed telegram system in favour of a secure e-mail network, as part of a £56m information technology upgrade, Mr Cook announced.

There are also plans to call in outside expertise - under the private finance initiative, which aims to bring private finance to public infrastructure projects - to link the department to the global

telecoms network. Mr Cook complained FO information technology had lapsed into a "pretty dire" state under the Conservative government, which spent £25m refurbishing its London office but did not solve its millennium computer problem.

The planned sale of £100m worth of property over the next five years will include the ambassador's residence in Dublin, the sale of all Bonn embassy and residential property as the German government moves to Berlin and the sale of property in Colombia and Morocco.

SHIPPING PLAN FOR LEVY ON TOTAL TONNAGE OF REGISTERED FLEET WOULD BRING UK INTO LINE WITH OTHER EUROPEAN COUNTRIES

Tax break to be offered to boost merchant fleet

By Charles Batchelor and George Parker

The British merchant shipping fleet is to be offered a tax break to encourage more owners to register their vessels in the UK.

The tax change would involve replacing conventional corporation tax with a "tonnage tax" based on the size of the fleet. Plans are expected to be unveiled in a shipping policy paper next month.

Creating a tonnage tax

would bring the UK into line with several European countries, including the Netherlands, which has seen an increase in the size of its fleet since making the switch. Greece has taxed its shipping industry for decades based on the size of the fleet. But the Netherlands introduced a system in which a notional profit is assumed per tonne of shipping and corporation tax is then applied.

This allows the existing corporation tax framework

to be used and avoids the creation of a new tax, the UK Chamber of Shipping said. A tonnage tax would give UK-based shipowners more certainty over the level of tax they would pay compared with corporation tax.

The UK shipping industry, which for years has lobbied in vain for improvements in the tax status of shipowners, believes the tax will increase the Treasury's tax take because more ships would be registered.

But it would result in a

lower level of tax paid by individual shipowners and, it is hoped, persuade some to remove their vessels from overseas flags of convenience and re-register them in the UK.

Final details of the package are being negotiated between John Prescott, deputy prime minister and chief transport minister, and the Treasury. The tax changes could be introduced in the Budget next March.

Mr Prescott, a former ship steward, is keen to revive

the industry and has taken a personal interest in the government's new shipping policy. The Treasury has traditionally been cautious to offer tax breaks to the industry but is said to have responded constructively to Mr Prescott's initiative.

However, Treasury ministers need further persuasion before agreeing to extensive fiscal assistance. "We remain concerned that there is a danger of us throwing good money after bad," said a government member.

The size of the UK-owned fleet has shrunk by two thirds - from 37m deadweight tonnes to 11m dwt - since 1980. The number of British seafarers is down by more than 80 per cent, from 52,000 to 20,000.

"The shipping industry pays very little in the way of corporation tax as it is," said one UK shipping executive. "Switching to a tonnage tax could increase the size of the UK fleet and encourage the industry to employ more UK officers and ratings."

True internet share dealing arrives but beware, the game may prove addictive

James Mackintosh tries his hand on a system that goes online on Monday at a higher price than its US predecessors

One small click for me, one giant leap for British stockbrokers: I had bought a share over the internet within seconds of pressing the button, ushering in a new era for UK stockbroking.

The net has made a small impression in the UK. But the system to be introduced on Monday by Stocktrade, part of Brewin Dolphin Bell Lawrie, introduces the type of broking that changed the face of north American trading.

Stocktrade is the first of

many London brokers planning online services.

But investors who choose online broking next week will find that costs have not fallen to US levels. Stocktrade is charging £25 (£41.50) a year, plus £25 a trade up to £12,500 and 0.2 per cent above that - compared with a minimum of \$5 from US broker Ameritrade.

The system is a big improvement on existing UK online services, which are just secure e-mails to the broker - exactly like a telephone call, but slower.

With true internet dealing the customer executes the trade himself rather than passing an order to someone else - so he knows the price beforehand. Stocktrade gives customers 15 seconds to accept the price offered before the quote lapses.

But the internet has a serious drawback: it is unreliable. The leading edge is described as the "bleeding edge" by many users - accurately, as I found out. The connection packed up before I had a chance to look at the system and took half an hour to restart.

Then, after buying and then selling my share (in Pearson, owner of the FT) - a remarkably easy process -

I tried to buy one in Brewin Dolphin's parent company. Obviously for Brewin this was impossible and another internet failure was diagnosed.

Such technical difficulties

Investors who choose online broking will have to sign up to Crest, the automated settlement system

will be corrected over the coming months and Stocktrade runs a back-up telephone-dealing service. Private investors comfortable with computers will find the system almost as

easy to use as the telephone

and more secure so long as the password is kept secret.

But I will be strictly limiting my use. Even an hour on the system proved addictive. There is also the risk of

making a mistake. Trades rely on short codes instead of company names and it is easy to confuse companies. Pison and Pearson are PON and PSN, for example. Trading is possible only

when the market is open and user specifies a price and tells the system to deal if the share reaches that level - are not yet available.

Customers also have to sign up to Crest, the automated settlement system, which makes it impossible to deal in a handful of smaller companies that do not take part.

Investors must have enough money in a linked savings account to pay for shares to be bought and can only sell shares held in the Crest account.

Crest, which costs £26 a year from Stocktrade, is not for investors who like the comfort of paper share certifi-

icates since it stores these electronically to speed trading.

Unlike a broker nominee account, however, shareholders using Crest can take part in ballots and receive company reports.

For most investors, it would be worth the £26 just to get the live share prices. But Robert O'Riordan, director of Stocktrade, says those who never deal will be told politely that the system is not just for information.

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Saturday November 28 1998

A tax on harmony

He's at it again. In a short space of time, Oskar Lafontaine, has rocked a lot of boats. The new German finance minister has already stepped on toes at the Bundesbank and the European Central Bank, calling for lower interest rates and upsetting the monetarist theology of Europe's top central bankers.

He has put American, as well as European backs up, by proposing target zones for the euro. The more hysterical parts of the UK press are already in quite a tizzy. Next on his list appears to be the UK Treasury.

Mr Lafontaine, quite reasonably, has fixed his attentions on German unemployment. The new German government wants to boost European demand through lower interest rates. If it does not get its way, the stability pact will look shaky. But Mr Lafontaine's goals are not exclusively macro-economic. He also intends to use the German presidency of the European Union - which begins on January 1 1999 - to push for harmonisation of tax rates across the EU.

The reason is that he is worried that tax competition within the EU will undermine the ability of European governments to tax companies and savings, shifting the burden onto the less mobile factor of production, labour. German unemployment is already intolerably high, in part due to the existing tax burden on employment. The last thing Mr Lafontaine wants is to make this worse. Therefore, he has seized upon an old idea, tax harmonisation, with corporate taxation at the top of the list.

Limited concern over tax competition is justified. Rich countries face diminishing scope for taxing companies because in a more globalised economy developing countries can offer an alternative, low tax location.

Distorts competition

Mr Lafontaine is also worried about threats on Germany's own door step from competition within the EU. From countries with low corporate tax rates, notably in Ireland, Dominique Strauss-Kahn, the French finance minister, along with several other socialist politicians across the EU, agrees that what is needed is a minimum rate to prevent "harmful" competition.

But what does harmful mean? Where tax discrimination is applied between different classes of business, such as domestic and foreign companies, this is certainly undesirable. It distorts competition, and means that rather than gravitating towards the most productive location,

companies go where the favours are best. This amounts to state aid, and the EU already has an agreement on unfair tax practices. Mario Monti, the single market commissioner, has sensibly urged European politicians to concentrate on progress here, rather than confusing the issue with misguided attempts to harmonise tax levels. Mr Lafontaine would be well advised to listen.

However, as well as being an EU issue, this is also a global problem. Luckily, the Organisation for Economic Co-operation and Development has published a document on this very topic, which quite rightly steers clear of the issue of the rate of corporate taxation, and concentrates instead on unfair distortions.

Welfare states

A country's decision to have a lower rate of corporate tax can hardly be described as harmful. Indeed, if competition leads to lower levels of corporate tax, this is a good thing. Competition should bring harmonisation of corporate taxes at lower levels. Rates should not be forced up across the board by political pressure from highly taxed countries, such as Germany, Austria, and France.

To compensate, these countries should find ways to reduce the share of government spending in GDP, most urgently by slimming down unwieldy welfare states. This, of course, is not what Mr Lafontaine and his counterparts in France and elsewhere were elected to do. However, the need to shift the burden of European pensions from the public to the private sector is not something that can be avoided for long; the demographic burden of ageing populations will soon intervene. The harmonisation of corporate tax rates makes a poor fig leaf.

Worse, it could provoke an uneasy tussle on the issue of centralisation of power in Europe just at a time when political energies should be pointed elsewhere - at making a success of the euro and of expansion to the east.

The levels and mix of taxation are issues for national governments to decide. Gordon Brown, the UK chancellor of the exchequer, is right to say that he will fight any attempt to impose minimum levels of corporate tax. Mr Lafontaine should settle for an agreement to harmonise the definitions of tax bases across the EU for corporate tax, as is the practice across states with different tax rates in the US. Greater transparency would make abuses clearer. It would also encourage healthy tax competition.

COMMENT & ANALYSIS

A sudden withdrawal

George Graham looks at the reasons behind the abrupt resignation of Barclays' chief executive and considers where Britain's big high street bank might go now

Nothing in Martin Taylor's five years in the post of chief executive of Barclays, one of the UK's largest and proudest banks, have been less glorious than his departure.

Although it has been clear for some time that Mr Taylor had little appetite to stay at Barclays for the 10 years he set himself when he took over as chief executive in 1994, the abrupt announcement of his immediate departure yesterday left the bank scrambling to fill the breach with a stop-gap chief executive and chairman. It is doing so at a time when banks round the world have been buffeted by unprecedented volatility which has taken its toll on chief executives on both sides of the Atlantic. Mr Taylor is the third to leave unexpectedly in the UK after Mike Blackburn at Halifax and Malcolm Williamson at Standard Chartered. At the same time, consolidation among the world's biggest financial institutions is raising doubts about the future of medium-sized banks like Barclays.

For a man who has been called "the golden boy of British banking" more often than most people cash cheques, the departure was unusually messy. How different was his effortless ascent from financial reporter (he used to work at the Financial Times), through managing Courtauld's textiles business, to one of the grandest positions in the British financial establishment?

Mr Taylor's achievements at Barclays are considerable. "From where he started off the group is twice as profitable after five years as it was in the last cycle - not a bad achievement," says Sir Peter Middleton, the former Treasury mandarin who is coming out of semi-retirement to take over as chief executive for the short term.

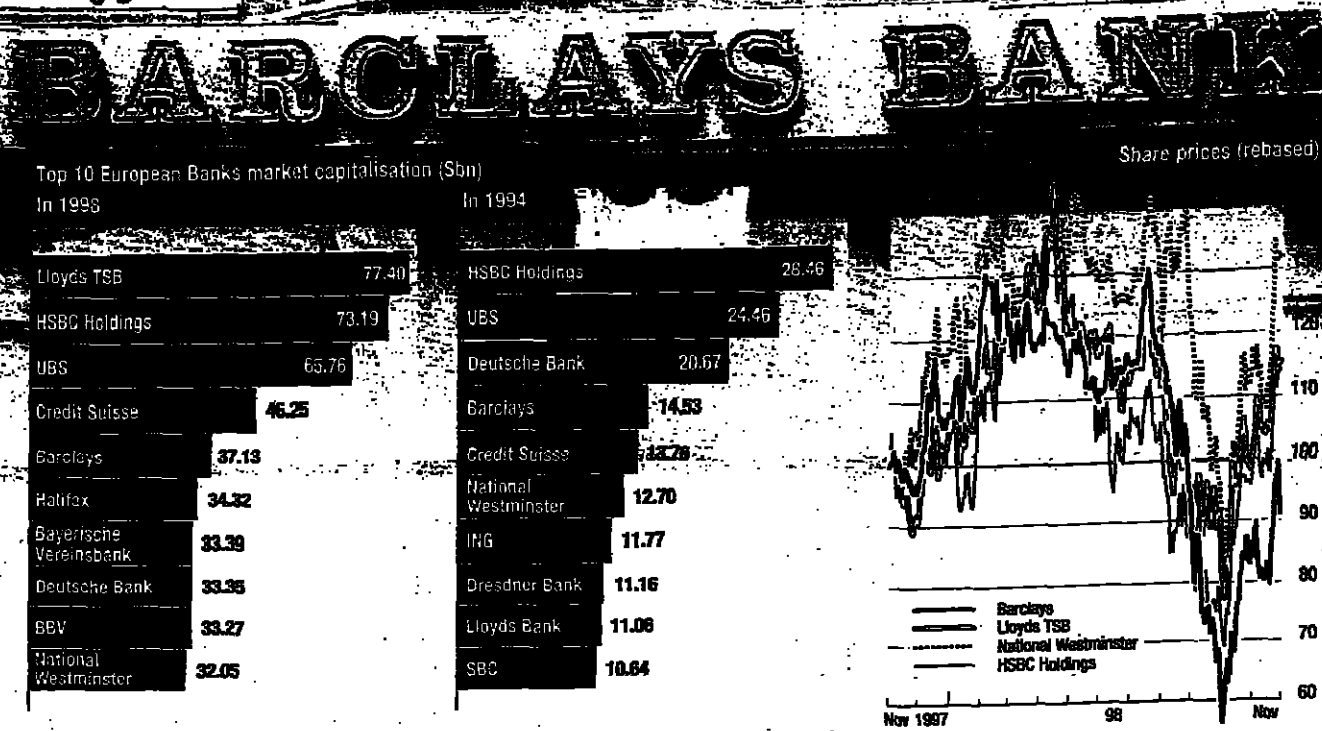
Sir Peter will then replace Andrew Buxton, the current chairman, as soon as a new chief executive is appointed, but only expects to stay in that post for two to three years.

Sir Peter denies that there has been any rift between Mr Taylor and the Barclays board over the group's strategic direction. He also says that he has no lack of support from the board for what Mr Taylor wanted to do.

He claims that Mr Taylor told the board on Tuesday of his intention to leave quickly. He says that he and Sir Nigel Mobbs, the senior non-executive director on the Barclays board, tried (not very hard) to change Mr Taylor's mind, but concluded that if he had decided to leave, it was better to make the break immediately. "If Martin's heart had gone out of the business, it was much better for him to go rather than have him limp on."

Yet the suddenness of yesterday's announcement leaves Barclays, which until recently has appeared much more certain of its future than, say, arch-rival National Westminster

Losing ground



Source: FT 500, International

Bank, looking curiously adrift. Some bankers even wonder whether his departure might be the signal, at last, for movement in the frozen ranks of UK banking, a sector which many feel is ripe for the same sort of consolidation that has proved inevitable in so many other industries.

When Mr Taylor took over as chief executive, the bank was struggling under the burden of bad property debts, and had reported an unprecedented £50m loss in 1992. Mr Taylor himself acknowledges that many of the changes needed for the bank were already under way when he arrived. Nevertheless, he is widely credited by investors with leading a cultural change in a bank which had tried too hard to be the largest in Britain, at the expense of being the most profitable.

Until last year, that left Barclays as a widely respected bank, admired by investors and stockbrokers' analysts for the discipline with which it approached the business of making the best possible returns for shareholders, adjusted for risk.

The shadow over that picture, however, was BZW, Barclays' investment bank. The intensity of competition in this field left Mr Taylor convinced that Barclays could never hope to build BZW into a business that could match the top tier of "bulge bracket" investment banks - almost all of them American.

The messy sell-off of BZW's equity and advisory businesses in October 1997 tarnished Mr Taylor's "golden boy" reputation. But the bank insisted that its slimmed down investment banking operations - renamed Barclays Capital and focused only on

the debt side of the business - had a viable future as an intrinsic part of the group.

This summer put paid to that. After the effective default of the Russian government on its domestic bonds, Barclays announced that it expected to take a charge of around £250m on its securities portfolio in Russia - an area where few of the bank's shareholders had any idea it

'If Martin's heart had gone out of the business, it was much better for him to go rather than have him limp on'

could be so seriously exposed.

Suddenly, Barclays stood once again where it had been before the painful decision to sell off the BZW units: as an excellent retail and corporate banking business, burdened with a high risk, low earnings quality investment bank.

With the abandonment of proprietary trading, Barclays Capital might now seem to be back on track. Nevertheless, doubts about its future within the group remain stronger than ever. With Deutsche Bank due to announce on Monday that it is willing to pay \$9.7bn for Bankers Trust, a US wholesale bank similar in broad outlines to Barclays Capital, the British bank is once again confronted by a decision over whether to fold its hand in this particular poker game.

Sir Peter says there is no question of selling Barclays Capital, which provides capital markets and financial engineering services needed by many other parts of the group. But he acknowledges that it could be reconfigured.

"The discussion is about where it is placed, not about whether it exists," he said yesterday.

The logic of everything Mr Taylor has done in the past five years, however, leads much more directly down the path followed by Sir Brian Pittman and Peter Edwood at Lloyds TSB - away from investment banking and towards a focus on more stable and profitable retail financial services - than in the direction of further efforts at building investment banking.

"Five years from now, I am happy to predict that Barclays will be a retail bank," says Richard Coleman, UK banking analyst at Merrill Lynch, the US investment bank.

This dilemma is one that Mr Taylor's successor, who is being sought both internally and externally, will have to resolve. But the same question is faced by other British banks, most acutely by NatWest.

Changing customer demands and technological innovation have already changed the face of banking, leaving traditional branch banks looking heavy-footed in the face of nimble specialists, such as First Direct, a telephone banking operation itself the subsidiary of the UK's Midland Bank, or MBNA, the US credit card bank.

The cost of investment has risen rapidly in a business which is only just starting to come to grips with the potential for cen-

tralising and industrialising its processes. Few banks are still able to pay the technology bill needed to remain a leader in areas as diverse as custody, cheque clearing, life assurance and equity derivatives.

Continental banks such as Deutsche cling to the idea that they can remain universal banks, spanning everything from investment banking to personal finance. Few of their British competitors believe they can do so while producing the sort of returns that shareholders expect.

In the UK, this belief has led several banks to prune their portfolio of businesses. NatWest, for example, recently shed some consumer finance operations where it felt it could no longer compete, while Woolwich, the former building society, sold off its estate agency.

There is little evidence yet, however, of banks concluding that they simply have no future on their own, and should allow themselves to be taken over.

At Lloyds, Sir Brian believes that so much of the economic downturn will increase the amount of pain felt by the weaker players, making them more amenable to takeover. He stands ready to oblige.

Yet all the British banks enter this downturn in far better financial shape than they did the last, and there is as yet no sign of real financial pain. "My own guess is that over the next five years we will see rationalisation of some kind, but it's very difficult to see where the moves might come," said Keith Whitson, chief executive of HSBC Holdings. But, then, the day before yesterday, it was very difficult to see Martin Taylor suddenly resigning.

MAN IN THE NEWS MARTIN TAYLOR

A lonely maverick

Jane Martinson tracks the dramatic entry and exit of a leading player in the theatre of banking

When Martin Taylor was a journalist he used to say that four years was long enough in any job. The youthful boast may come back to haunt the man who yesterday resigned as head of Barclays, one of the UK's largest banks, after less than five years.

Among the many questions posed by yesterday's departure is whether Barclays' chief executive simply became overwhelmed by the pressures of the job, or was defeated in his battle to break the mould of British banking.

One of Mr Taylor's ardent supporters said: "British banks are megalithic bureaucracies which are hopelessly overmanaged and desperately old fashioned."

"You need a thug to run these businesses and Martin was too fair minded, too intellectual. What's more, he was on his own."

But the abruptness of the decision struck a chord with other observers. "He is not really someone who sticks with something for a very long time, is he?" said one banking analyst.

In answer to a query about the timing of Mr Taylor's move, Sir Peter Middleton, interim chief executive, said: "That's to do with his personality. He is an extremely decisive person."

"Maverick", "mercenary", "generous" and "sensitive" were other words used to describe the former City golden boy yesterday. These are not the terms typically used to describe banking chief executives.

Mr Taylor was the first outsider to be appointed to head Bar-

clays when he was plucked from Courtauld's, the textiles business, in 1994. The appointment sparked a love affair with a City which had become less than enamoured with the bank.

Anne Simpson, a director at Pirc, the corporate governance consultancy, said: "There was great surprise and some delight that they had gone outside the world of banking. He was such a refreshing choice."

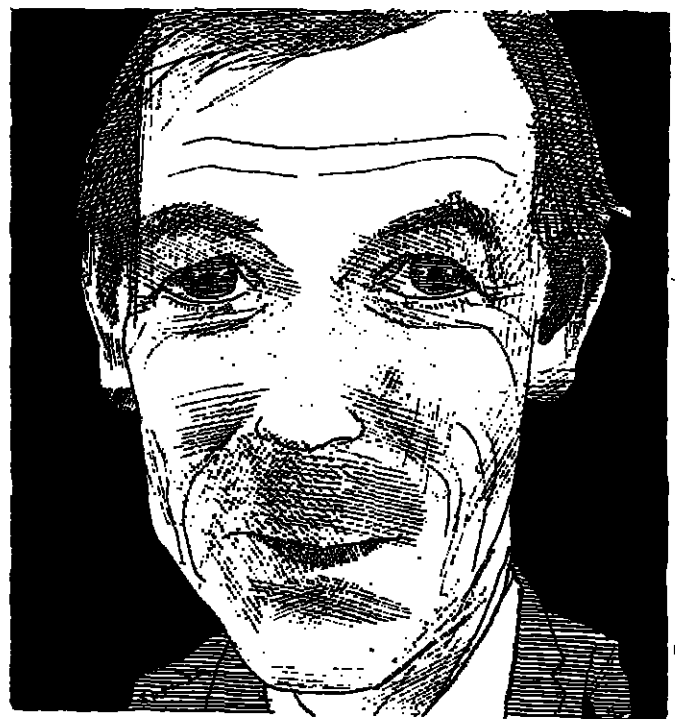
Barclays shares started to outperform the FTSE All Share index soon after the appointment. Mr Taylor, the bank's youngest-ever chief executive when he was appointed at the age of 41, won plaudits from large swathes of the financial community for reshaping the bank.

Suddenly last year, the golden boy appeared to lose his luster with the traumatic sale of parts of the investment banking business. The messy bidding process for the equities part of BZW, one of the last remaining UK-owned investment banks, prompted a storm of protest.

Mr Taylor provided a typically robust defence of this sale but continued to be buffeted by critical questioning from investors, analysts and journalists.

The questions become more urgent this summer after Barclays announced it had lost £250m in Russia and had been exposed to Long-Term Capital Management, the US hedge fund.

Comments about his lack of ability to deal with this pressure will no doubt infuriate Mr Taylor, especially from the "anonymous" investors he loathed. However, one Mr Anonymous



pointed out yesterday: "He was obviously under pressure from shareholders and the board and maybe his temperament is not the type to keep grinding away when things are difficult."

At the time of his appointment Mr Taylor said he expected to stay in the same job for a decade, about the same time as his tenure at Courtauld's.

More recently, he had been heard complaining that the job was "too gruelling" to be done by a man in his 50s (he is now 48).

Mr Taylor won a reputation as a solitary man, preferring to read rather than socialise. One supporter said: "He lives in a world of his own intellect. He is a loner, not like those glib, successful businessmen who do well with out so much as a shred of intelligence but are good in the golf club."

Another long-time friend said: "The only vice I've known Martin to be guilty of is over-indulgence in oysters."

His lack of clubbability could

not have helped during recent months. One former colleague said: "Martin had a zero relationship with his management team. He lived in splendid isolation. He didn't have a single adviser who he trusted or who trusted him."

His status as a loner may explain why he did not fill top executive positions with his own choice of candidate until fairly recently. His forte appeared to be in encouraging a squadron of younger executives, many of whom are passionately supportive of him.

Many observers are keen to know what Mr Taylor will do next. A political career has been widely touted following his performance as head of the government's welfare-to-work taskforce.

Before his next move, however, he may have to work hard to answer many of the questions raised by yesterday's departure. Additional reporting by Clay Harris and Christopher Brown-Humes.

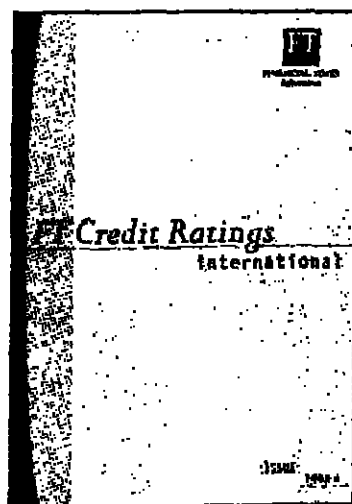
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FINANCIAL TIMES Information

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Flexibility cuts both ways

Graham Bowley contrasts the working practices at BMW and Rover

If you were ever going to build a car factory you would not choose Longbridge. The best you can say is that it has evolved over the years. It is just starting a new stage in its evolution. After months of negotiation, the 14,000 workers at the UK's biggest car plant are expected to agree to flexible working practices already employed at BMW's factories in Germany. The alternative, warned Bernd Pischetsrieder, BMW's chairman and a great nephew of Sir Alec Issigonis who designed the Mini (built at Longbridge) was jobs cuts, a freeze on investment and the transfer of models to other factories. This would certainly condemn the Birmingham car plant to death.

That is not the way it looks if you compare Longbridge to Regensburg, one of BMW's trio of factories around its headquarters in southern Germany. Regensburg is a cathedral-like, bright modern plant of 8,500 workers built on a greenfield site on the main highway between Nuremberg and Passau. BMW has poured in about DM3.5bn (\$2bn) of investment since it was built in 1985. Longbridge is a jumble of buildings and roads jostling for space in a 100-year-old site in the suburbs of Birmingham. Some of the buildings resemble a slightly shabby 1950s schoolhouse; workers toil on cramped production lines little changed over the past 40 years.

A walk down the production line at Regensburg shows how much more flexible Germany's car workers have become. It was Regensburg's workers who pioneered the first of BMW's flexible working time schemes at the end of the 1980s. Out went the standard eight-hour day, five-days-a-week shifts. Instead, workers on the Regensburg factory floor adopted variable shift patterns, which means they work on average nine hours each day, for four days a week, and are regularly required to work on Saturdays for no extra pay. In this way, Regensburg's expensive machines are kept running longer, cutting the cost of capital used per car significantly. Its assembly lines are turning out cars at 108 hours a week (compared with 80 hours a week before the changes). There are no stops for holidays.

Moreover, a "working time account", introduced in 1995, allowed the company to ask workers at Regensburg to work longer hours for overtime pay during periods when demand is strong and production has to be increased quickly. This freed Regensburg to react to sudden shifts in demand more easily, and in return workers can take time off later in the year.

Compare all that with Longbridge. Its working practices may be better than they were in the dark days of the 1970s. Deals struck earlier this decade swept away unions' powers to insist on maddeningly restrictive working rules. But they are still not good enough for BMW: workers continue to work rigid 37-hour, five-day working week, and claim bonuses for late shifts and a crucial sticking point for the German parent - generous overtime payments. "Overtime pay for Saturday is something that is ingrained in the British worker's mind," says a Rover official. But it is not only the

same practices to be applied at their plants. At Longbridge, unions are more reluctant. At first, they were deeply opposed to BMW's proposed changes, though their resistance has softened since Mr Pischetsrieder's threats. The big increases in labour productivity could come now as a result of the company's changes. By introducing Regensburg-style working practices, BMW would save on labour costs because overtime pay would be reduced, while capital costs would be cut because machines would not be standing idle for so long.

Moreover, improving working time and the rest is only part of the battle. A chief reason why Regensburg is more productive than Longbridge is that German carmakers work with much better machines. BMW is promising to upgrade the equipment at Longbridge as part of the labour changes.

The Germans also produce higher priced cars. "They need to get Rover away from the high-volume killing fields of the car market. They need to redesign," says Nigel Griffiths, auto analyst at DRI, the research group. Longbridge has a long way to go. Pre-tax profits per worker at Longbridge fall far behind Regensburg. The gap, according to Mr Pischetsrieder, is around a third. (Longbridge produces more cars per worker each year but they are smaller, cheaper and quicker to turn out than the grander machines at Regensburg). "In terms of contribution per worker we lose hands down," says Kevin Howe, managing director of the Longbridge plant. And that goes for union members too: the base salary of Regensburg workers is £20,000 (£33,200), at Longbridge, it is £18,500. But it took the German workers a long time to achieve that standard of living. It may take their British colleagues a long time to catch up. Additional reporting by Juliette Jauri

From the letter of the law to questions of morality

The British judiciary is moving away from purely precedent-based decision-making to more 'political' deliberation, rather like that in a constitutional court, says Robert Rice

As the five law lords rose one by one to deliver their judgment on General Augusto Pinochet last Wednesday, one way in the public gallery said it looked more like a penalty shoot-out than the highest court in the land delivering a landmark decision: Pinochet loses two-three and goes on to challenge the home secretary in the

Much of what the courts do in their new role will be uncontroversial. But the trickiest issues will fall to the law lords to decide. The 60 or so cases involving the UK that have been heard by the European Court of Human Rights in Strasbourg over the past 30 years - from the torture of Irish Republican Army

law lords panel suddenly assumes a new importance. As the ruling against Gen Pinochet showed, the views of a single judge can swing a decision. And yet the secret process by which judges are appointed to the House of Lords means that the public knows very little about the politics of the senior judiciary.

When Nicholas Bratza QC was appointed recently as Britain's first full-time judge to the unified European Court of Human Rights, he was greeted by a selection panel of senior judges, civil servants and a lay representative. When judges are appointed to the US Supreme Court, they are publicly examined by the Senate.

If the sight of five men in business suits passing judgment on a politically sensitive issue was unfamiliar, it is unlikely to remain so for much longer. Unlike its neighbours on the continent, the UK does not have a written constitution; it has therefore never had a constitutional court.

But the House of Lords could soon take on the role of a court, like the US Supreme Court or South Africa's Constitutional Court, because parliament recently passed the Human Rights Act, which incorporates the European Convention on Human Rights.

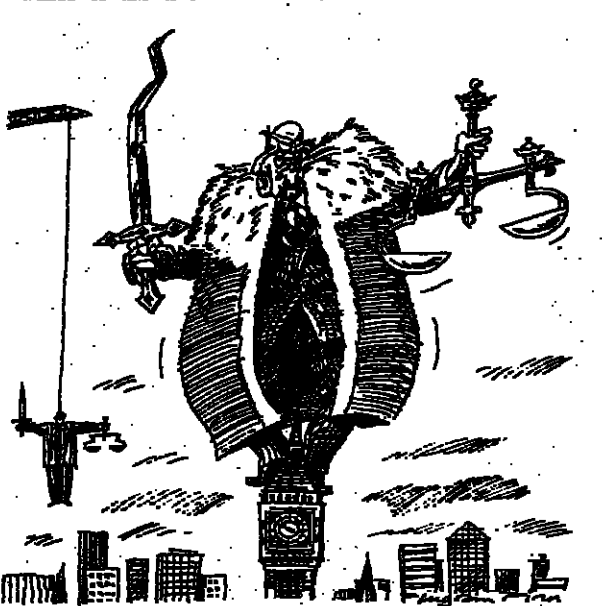
As a result, all judges will be able to declare existing legislation incompatible with the European Convention on Human Rights, even though they will not have the power to strike down laws. The government, however, will be under moral pressure to rectify laws that judges deem incompatible with the human rights charter.

This represents a fundamental power shift from parliament to the courts in the UK. In the British tradition, judges cannot challenge laws. Parliament makes the law, the courts interpret it. They do so for the most part by reference to precedent. The convention imports a different tradition into English law - from continental Europe, where judges may decide whether laws are valid according to "first principles" enshrined in a constitution.

The changes under way in the UK could enable judges effectively to rewrite much of the UK statute book. The changes could enable judges effectively to rewrite the statute book. The changes could enable judges effectively to rewrite the statute book.

terrorist suspects in Northern Ireland in the early 1970s to SAS shootings in Gibraltar in the 1980s - are an indication of the tough ethical, moral and politically sensitive questions the law lords might have to tackle. The Lord Chancellor, head of the judicial system, acknowledges that some judges may in future wish to make their decisions based on the "morality" rather than the bare letter of the law. This means the political balance of the five-member

But when judges are appointed to the House of Lords, they are named by the Queen on the advice of the Prime Minister following a recommendation by the Lord Chancellor who has taken "soundings" among his fellow senior judges. The Labour party, when in opposition, was committed to ending the secrecy of judicial appointments. Since coming to power, however, the Lord Chancellor has put the issue on the back



Hiroshima: a moment and place where the Japanese could accurately portray themselves as victims

Japan's wartime ghosts

Ugly memories of the past have been subject to collective amnesia, says Paul Abrahams

The living and the dead of the second world war returned to haunt Japan this week. During the first visit to Japan by a Chinese head of state, Keizo Obuchi, prime minister, was unable to sign an apology for Japan's military atrocities in China during the 1930s and 1940s after diplomats failed to find a wording that was acceptable to both sides.

On the same day, a Tokyo court dismissed a suit by 20,000 former Allied prisoners demanding an apology and compensation. A British veteran spat on the steps of the Diet, saying there was "no justice in Japan".

Even more extraordinary, at yesterday's summit meeting in Tokyo with Jiang Zemin, China's communist leader, Hirofumi Nakano, Japan's chief cabinet secretary, claimed that only a "small group of militarists" was responsible for Japan's invasion of China - an episode that included mass murder in Nanjing and other cities. "Isn't this a finished problem?" asked Mr Nakano.

No, it is not. These diplomatic gaffes served as a reminder of Japan's inability to make peace with itself or its neighbours over its role in the second world war. The extent of Japan's disaster is evident from the fact that the Japanese can not even decide what to call the conflict. It is referred to as the "Pacific war", the "greater east Asia war", the "China incident", the "Japan-China war", and the "15-year war". There is also controversy over when it

began. Did it start in 1941, when the Japanese attacked the American fleet at Pearl Harbor, or in 1931, when Japan seized Manchuria? From the cabinet to the classroom, Japan is in denial. This is particularly true over the behaviour of the Japanese Imperial army. As recently as August, Shoji Nakagawa, the newly appointed agriculture minister, claimed it was not certain the army had forced Asian women into prostitution, even though the government had already admitted this to be true in 1993.

That senior politicians can make such statements is not surprising given the sanitised way this period is taught in Japanese schools. Some historians, like Saburo Ienaga, a university professor and author of history textbooks, fought official censorship for decades. The ministry of education removed references in his work to a Japanese germ warfare unit which conducted experiments in northern China. It also rewrote a description of civilian deaths in Okinawa, and the massacre of more than 200,000 Chinese in Nanjing in 1937. After a 32-year legal battle,

Mr Ienaga partially won his case before the courts: references to the germ warfare unit were reinstated, but the ministry's views were upheld on other issues. Nobukatsu Fujioaka, another university professor, has proposed removing all references to Japanese war crimes from textbooks because they are "masochistic". He would prefer more "cheerful" history lessons. What societies choose to remember, or forget, about the past reveals much about how societies want to regard themselves in the present.

The problem for the Japanese is that the war does not fit neatly into the way they view themselves or their history. Bayoneting ageing Chinese farmers and their infant grandsons is not an integral part of bushido, the ethical code for samurai warriors. The result is that memories of massacres and mistreatment have been subject to collective amnesia, and effectively stricken from Japanese history.

Chinese demands for written apologies, therefore, are awkward because they remind the Japanese of what they wish to forget. It is true that the collective memories of different nations may be marked by different events. Ian Buruma, author of *Wages of guilt: memories of war in Germany and Japan*, argues that the defining moment of the war for Germany was not May 1940, Stalingrad or even the battle for Berlin. But until it faces up to its past, Japan will not lay its wartime ghosts to rest.

The tragic tales of Japanese soldiers, who faced starvation, abandonment and execution at the hands of their own officers, would perhaps persuade former Allied prisoners of war to consider their shared humanity with the Japanese. But until it faces up to its past, Japan will not lay its wartime ghosts to rest.

Confrontation might also be a cathartic experience for the Japanese. Because Japan denies atrocities took place, the full horror of the war has not been acknowledged. It is a situation which tragically also prevents the Japanese from being able to pay tribute to the 3m of their people who died during the conflict. Their suffering has been almost forgotten.

The tragic tales of Japanese soldiers, who faced starvation, abandonment and execution at the hands of their own officers, would perhaps persuade former Allied prisoners of war to consider their shared humanity with the Japanese. But until it faces up to its past, Japan will not lay its wartime ghosts to rest.

LETTERS TO THE EDITOR

One troubled individual cannot speak for a whole generation

From Dr Martin Stephen. Sir, Simon Buckley highlights a serious problem in his article on drug addiction in the City ("The smackhead: smart young men with a heroin habit are on the increase", November 21), but he makes one grave mistake. Anyone who has spent more than half an hour in the company of a committed drug abuser will recognise the authenticity of the refrain Mr Buckley quotes - "as at most schools, almost everyone took dope, speed or acid" - as well every magistrate who has heard an offender justify his or her crime with the cry: "But everyone was doing it..."

Some young people do indeed experiment with drugs - fewer than half, if recent research is to be believed. Fewer still carry on with their involvement beyond the first try, experimental stage. Even fewer move on to class-A substances such as heroin and cocaine.

There is every excuse for 'Jarrett' and his claim that everyone does what he did. There is less excuse for the claim that one troubled individual can speak for a whole generation. I believe Manchester Grammar School has the most effective drugs policy of any school I have known, and I have come to have a great respect for the common sense the young men of this school show in a variety of areas. However, local circumstances are not really the issue. If we are going to beat

Déjà vu all over again

From Peter McGregor. Sir, The spectacle of another chancellor of the exchequer telling us that Britain's problem is competitiveness is déjà vu all over again. In my experience there have been at least four cycles since the war. We have had comparative studies of the United States, Germany and Japan. It is government, not industry, that has proved incapable of learning from such comparisons. The current argument about supermarket buying power and the pressure of suppliers is not a new problem. We drew attention to it in the National Economic Development Organisation in the early 1980s. Not only is there pressure on prices but suppliers are forced to produce to the buyers' designs, which may not be exportable. When we

suggested that putting all the power in the hands of large purchasers was not the recipe for economic success, as some were suggesting, there was a shudder among the ministers around the table. Conservative ministers for the most part know little about the market economy in spite of their desire to emulate the US. There, the Robinson-Patman act prohibits discounting by large retailers' suppliers unless it can be shown to be economically justified in costs rather than merely reflecting buying power. We suggested that a British version should be considered. But even then the supermarkets were too politically powerful.

Dependencies should probe the UK

From Jonathan Overland. Sir, Your leader "Offshore verdict" (November 20) says that "suspicions of a well-coming environment for shady dealing and financial crime... have not been dispelled by the uncovering of regulatory weaknesses in the BCCI, Barings and Cantabrigia scandals". I propose the Crown dependencies now conduct a review of the UK regulatory system. The very same BCCI (twice declined a banking licence in Jersey) and Barings, not to mention Maxwell, pensions mis-selling and probably FSAVCs as well, must surely be evidence of much wider failings.

Statistics cannot conceal the progress of the east

From Mr Nicholas J. Kaczmarek. Sir, You are correct in your editorial "Polish transition" (November 25) in remarking on the strides Poland has made since 1989. Not even the reams of often confusing economic statistics can hide this fact. Likewise, no amount of statistics can conceal the appalling backtracking by various EU governments on the issue of EU enlargement. Of course, such statistics will be used by the opponents of enlargement for exactly this purpose. It is important, therefore, to make one brief comment on your place. You note that Poland stands out as the only country "among the leading pack" that has progressed beyond where it was in 1989. The problem is this

type of statistic neglects the far more important fact that while absolute production in the other countries may only be at 1989 levels (in fact, for Hungary and the Czech Republic slightly below 1989 levels), the quality and utility of the economic production of these countries for the populations of these countries, and the world at large, far exceeds what was being produced a decade ago. A visitor to any of these "leading pack" countries (including Slovakia) will quickly notice that despite the statistics, the economies are much further advanced than one would otherwise be led to believe.

Nicholas J. Kaczmarek, CAIB Securities, 245 Park Avenue, New York, NY 10128, US

COMMODITIES & AGRICULTURE

Opec fails to halt slide in crude

WEEK IN THE MARKETS

By Paul Solman

World oil markets focused on the conference of the Organisation of Petroleum Exporting Countries, and hopes that the meeting would recommend further supply cuts to bolster flagging crude prices.

However, even before oil ministers gathered in Vienna, crude prices began to drift downwards on fears that no firm action would be approved.

Opec's announcement came late on Wednesday. The 2.6m barrels day of supply cuts agreed earlier this year would stand, and any decision on additional cuts would wait until the organisation's next meeting in March.

The benchmark crude price on London's International Petroleum Exchange responded by diving to a 12-year low of \$10.85 a barrel.

It remained subdued for the rest of the week, not helped by Thursday's US Thanksgiving holiday, for which the US oil market at the New York Mercantile Exchange was closed.

In late trading yesterday, IPE Brent blend for January delivery was \$11.18, compared with Thursday's close of \$11.00, a loss of 50 cents on the week.

Robusta coffee was stronger on the London International Financial Futures and Options Exchange, after reports that Vietnam, one of the largest exporters of robusta, had suffered crop damage.

By the close yesterday, the

Coffee

London Robusta, 2nd position

(\$ per tonne)

1750

1700

1650

1600

1550

1500

1450

1400

1350

1300

1250

1200

1150

1100

1050

1000

950

900

850

800

750

700

650

600

550

500

450

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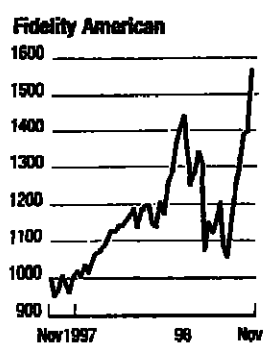
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UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:

Baring Global Growth	1,394
Fidelity American	1,368
Newton European	1,454
Jupiter UK Growth Exempt	1,424
CF Caley European Acc	1,410

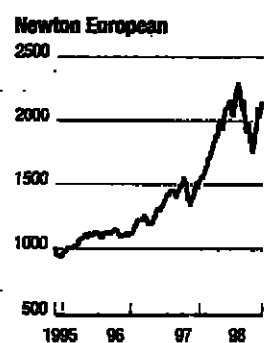


BOTTOM FIVE OVER 1 YEAR:

Dimensional UK Smaller Cos	332
Dresner RCM St Emer Mkts	577
Soot Widows Latin America	580
Framlington Emerging Markets	604
AFI Growth American Strategy	612

TOP FIVE OVER 3 YEARS:

Jupiter UK Growth Exempt	2,253
Fidelity American	2,151
TU European	2,149
Newton European	2,140
Invesco European Growth	2,095

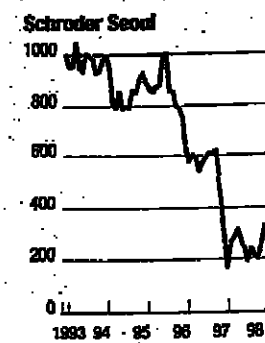


BOTTOM FIVE OVER 3 YEARS:

Old Mutual Thailand Acc	307
Save & Prosper Korea	331
Schroder Saudi	349
Save & Prosper Gold & Expt'n	373
Dimensional UK Smaller Cos	398

TOP FIVE OVER 5 YEARS:

SA North America Growth	3,275
Barclays European Sel Opps	3,028
Invesco European Growth	2,903
TU European	2,794
Newton European	2,780

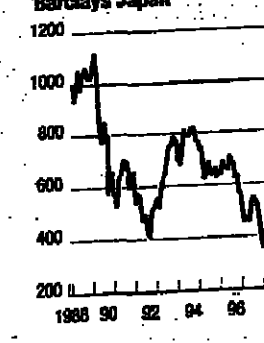


BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Korea	287
Schroder Saudi	330
Old Mutual Thailand Acc	353
Save & Prosper Gold & Expt'n	370
Schroder Japan Small Cos Acc	394

TOP FIVE OVER 10 YEARS:

SA North America Growth	8,784
Barclays European Sel Opps	8,588
F&C US Smaller Companies	8,867
Edinburgh North American	7,190
Hill Samuel US Smaller Cos	7,139



BOTTOM FIVE OVER 10 YEARS:

Barclays Japan	382
Henderson Japan Smaller Cos	445
M&G Japan Acc	451
Invesco Japan Growth	511
Henderson Japan	535

Tables show the result of investing £1,000 over different time periods. Funds are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices	1 year (%)	3	5	10	Volatility	10%
Aggregate Unit Trust	1086	1276	1592	2505	4.3	2.5
Average Investment Trust	1086	1232	1555	2228	6.1	4.9
Bank	1046	1122	1208	1765	0.8	5.7
Building Society	1043	1114	1202	1763	0.0	5.4
Stockmarket: FTSE All-Share	1175	1624	2008	3525	3.0	3.1
Indexation	1031	1089	1160	1502	0.3	-

UK Growth	1 year (%)	3	5	10	Volatility	10%
Jupiter UK Growth Exempt	1484	2253	-	-	4.8	0.9
Johnson Fry Global Growth	947	1814	2095	4197	4.3	1.9
Power & Maclellan 1st Growth	1123	1737	2370	-	3.5	0.9
Edinburgh Growth	1223	1723	2673	-	6.5	-
Thornhill Capital	1167	1708	1820	-	3.9	0.3
SECTOR AVERAGE	1085	1432	1734	2791	3.8	1.7

UK Growth & Income	1 year (%)	3	5	10	Volatility	10%
CF The Unitaries	1271	1828	2344	-	3.6	2.6
Fleming Select UK Income	1182	1785	2183	3287	3.6	2.7
Laurence Kean Income & Growth	1185	1712	1963	-	3.8	3.1
Power & Maclellan Top 100	1195	1694	-	-	3.8	3.0
HSSC Focus Fund	1195	1688	1838	-	3.9	1.9
SECTOR AVERAGE	1106	1484	1765	3018	3.8	2.3

UK Smaller Companies	1 year (%)	3	5	10	Volatility	10%
GT UK Smaller Companies Acc	1224	1635	1652	-	4.3	1.3
Henderson Exempt Cynical	1073	1573	1742	-	4.2	1.2
NorthWest UK Smaller Cos	919	1531	-	-	4.7	2.3
Laurence Kean Smaller Cos	974	1505	2158	-	4.4	1.8
Garnmore UK Smaller Companies	886	1441	2035	2281	4.8	1.3
SECTOR AVERAGE	882	1107	1369	1809	4.4	1.9

UK Equity Income	1 year (%)	3	5	10	Volatility	10%
Premier Dividend	1217	1722	2158	2298	3.4	3.7
BWD UK Equity Income	1137	1722	2181	2546	3.4	3.5
Jupiter Income	1083	1679	2448	3012	3.1	3.8
Fidelity Income Plus	1137	1642	1833	2536	3.2	4.2
Balmain High Yield	1137	1591	2004	4049	3.1	3.7
SECTOR AVERAGE	1081	1459	1703	2894	3.3	4.0

UK Equity & Bond Income	1 year (%)	3	5	10	Volatility	10%
OS UK Income	1142	1551	1794	-	2.8	3.5
Abbey National Extra Income	1100	1548	1791	3483	2.4	4.4
Edinburgh UK Income	1124	1523	1763	3401	2.9	3.4
CGU PPT High Yield	1131	1515	1883	2552	2.7	5.6
Marlborough HI UK High Income	1100	1494	-	-	2.6	5.9
SECTOR AVERAGE	1071	1378	1545	2463	2.5	5.1

UK Ex & Bd	1 year (%)	3	5	10	Volatility	10%
Canlife Income Dis	1102	1325	1728	2780	3.0	2.9
Perpetual High Income	1082	1507	1825	4587	3.8	3.7
NI UK Extra Income	1140	1457	1840	-	3.0	2.1
AAA Sun Life High Yield	1091	1476	1882	2694	3.8	2.5
Lloyds Bank Extra Income	1077	1460	1703	2806	3.8	3.7
SECTOR AVERAGE	1085	1448	1725	3094	3.1	2.9

UK Fixed Interest	1 year (%)	3	5	10	Volatility	10%
CGU PPT Preference	1188	1537	1897	2364	2.8	5.0
Proffitt Prof & Fixed Interest	1129	1485	1613	2237	1.5	5.3
Morgan Gren MP Annuity Conv Ex	1142	1473	-	-	1.7	5.0
Henderson Preference & Bond	1087	1408	1588	2106	1.2	6.7
CGU PPT Monthly Income Plus	1114	1453	1579	-	1.7	7.0
SECTOR AVERAGE	1084	1311	1418	2190	1.4	6.0

UK Gilt	1 year (%)	3	5	10	Volatility	10%
Fleming Select Long-dated Gilt	1251	1615	-	-	2.1	5.5
Fidelity Institutional Lg Gilt	1245	1563	-	-	2.2	5.5
Mercury Long-dated Bond	1163	1458	1489	-	2.1	3.5
M&G Gilt & Fixed Interest	1180	1413	1483	2325	1.6	4.8
Garnmore PS Fixed Interest	1163	1380	1423	2342	1.5	5.8
SECTOR AVERAGE	1120	1297	1328	2193	1.3	4.9

Far East ex Japan	1 year (%)	3	5	10	Volatility	10%
HSSC Hong Kong Growth	889	1206	1209	5147	10.0	2.6
Friends Prov Australian	1034	1177	1344	2884	5.1	-
INVESTOR Hong Kong & China	788	979	829	3911	10.0	2.3
Old Mutual Hong Kong	875	938	889	4000	10.9	2.1
Fidelity South East Asia	1040	937	993	3699	9.1	1.4
SECTOR AVERAGE	904	873	855	3515	8.9	1.5

Far East inc Japan	1 year (%)	3	5	10	Volatility	10%
Jupiter Far Eastern	1039	899	704	1767	7.4	-
AFI Growth Smaller China	748	858	819	1928	8.7	-
Save & Prosper Far East Sm Cos	989	850	687	-	5.9	1.1
Royal & SunAll Far East	1027	846	848	1144	6.2	1.3
Smith & Williamson Far East	907	801	738	-	5.6	0.5
SECTOR AVERAGE	917	709	699	1486	6.5	1.0

Japan	1 year (%)	3	5	10	Volatility	10%
Newton Japan	946	898	858	947	6.1	-
Murray Japan Growth	1116	887	887	-	5.8	-
GT Japan Growth	972	883	944	1234	3.1	0.0
Balmain Global Japanese	1037	879	905	1227	5.8	-
Marlborough Japan	1013	870	974	-	5.8	-
SECTOR AVERAGE	972	853	880	914	6.3	0.7

Europe	1 year (%)	3	5	10	Volatility	10%
TU European	1332	2149	2794	-	4.8	1.4
Newton European	1484	2140	2780	5125	5.7	0.3
INVESTOR European Growth	1388	2095	2800	5547	6.5	-
Baring European Growth	1394	2052	2214	-	6.0	0.5
INVESTOR European Small Cos	1388	2041	2330	5351	5.7	-
SECTOR AVERAGE	1225	1673	2110	4161	5.4	0.7

Global Emerging Mkts	1 year (%)	3	5	10	Volatility	10%
Stewart Ivory Emerging Market	781	914	838	-	7.9	1.5
Barclays PS Emerging Markets	808	851	572	-	8.0	1.4
Mercury Emerging Markets	889	837	732	-	8.5	0.3
Save & Prosper Emerging Mkts	799	802	-	-	9.3	1.3
Five Arrows PS Emerging Mkts	728	781	-	-	7.3	-
SECTOR AVERAGE	728	716	610	1734	8.0	1.3

International Equity Income	1 year (%)	3	5	10	Volatility	10%
GT International Income	1219	1619	1824	4024	3.4	2.6
Premier Global 100	1214	1458	1613	2031	4.0	-
M&G International Income	1080	1375	1527	3289	3.5	4.2
Mayflower Global Income	1104	1373	1613	2915	3.2	2.4
SECTOR AVERAGE	1120	1456	1644	3067	3.5	2.3

International Fixed Interest	1 year (%)	3	5	10	Volatility	10%
Newton International Bond	1091	1259	1273	-	1.9	4.1
Baring Global Bond	1082	1250	1341	-	1.5	4.8
Barclays GBI Intl Fx Interest	1082	1242	1298	-	1.0	4.2
Marlborough Managed	1090	1218	1301	2443	1.7	3.5
AFI Int Bond & Convertible	1089	1216	1264	-	1.1	5.4
SECTOR AVERAGE	1085	1089	1134	1921	1.8	4.5

International Equity & Bond	1 year (%)	3	5	10	Volatility	10%
Fleming Global Opportunities	1179	1487	1888	-	2.8	3.3
GA Income Portfolio	1152	1472	1859	-	3.6	2.7
Bank of Ireland Ex Mgd Growth	1079	1336	1691	3308	3.5	2.0
NI General	1106	1359	-	-	3.8	-
MW Joint Investors Income	1130	1356	-	-	2.5	4.0
SECTOR AVERAGE	1102	1287	1436	2895	2.8	2.7

International Growth	1 year (%)	3	5	10	Volatility	10%
Franklin Financial	1151	1788	2158	6245	5.2	0.7
Save & Prosper Financial Secs	1087	1750	2380	4730	4.9	0.5
Barclays Global Utilities	1354	1749	1828	-	4.3	1.3
Fidelity Managed International	1243	1629	2050	4192	4.4	0.6
Hill Samuel Financial	1136	1609	1962	4181	4.8	1.8
SECTOR AVERAGE	1085	1277	1491	3013	4.9	1.2

Best Peps	1 year (%)	3	5	10	Volatility	10%
TU European	1332	2149	2794	-	4.8	1.4
Newton European	1484	2140	2780	-	5.7	0.3
INVESTOR European Growth	1388	2095	2800	-	6.5	-
INVESTOR European Small Cos	1388	2041	2330	-	5.7	-
Thames Valley Int'l Acc R	1332	2037	2779	-	6.0	-
AVERAGE UP PEP	1083	1414	1721	-	3.8	2.7

Property	1 year (%)	3	5	10	Volatility	10%
Harwich Property	1024	1314	1458	-	1.0	4.7
Abendun Profit Property Str	829	1258	1143	-	3.6	2.0
Barclays Property	1004	1232	1333	-	0.9	5.6
Always Residential Property	969	1187	-	-	0.9	5.5
SECTOR AVERAGE	957	1248	1312	-	1.8	4.4

Nth America	1 year (%)	3	5	10	Volatility	10%
Fidelity American	1586	2151	2747	6553	5.3	-
Credit Suisse Transatlantic Ac	1310	2064	-	-	4.5	-
Old Mutual North American	1242	2005	2129	5199	4.8	-
Baring American Growth	1274	1964	2231	5450	4.8	-
Fleming Select American	1217	1947	-	-	3.8	0.9
SECTOR AVERAGE	1108	1567	1943	4899	5.0	0.6

Commodity & Energy	1 year (%)	3	5	10	Volatility	10%
M&G Australian Acc	1036	1229	1334	2074	5.9	2.5
Hill Samuel Natural Resources	914	706	894	1276	6.0	1.1
M&G Commodity	889	705	918	1477	7.0	1.4
Lloyds TSB Natural Resources	910	666	733	1943	7.4	0.8
Save & Prosper Commodity	700	642	682	1315	7.3	-
SECTOR AVERAGE	882	686	735	1476	6.6	1.3

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FT MANAGED FUNDS SERVICE[illegible]

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ههنا من الابل

PLACEMENT TRUSTS - Continued

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Marney Hill	4277 1/2	-1 1/2
B	3422 1/2	-1 1/2
Marney South Hill	3411 1/2	-1 1/2
B	621 1/2	-1 1/2
Marney Meadows	365	-1 1/2
Marney Enterprises	121 1/2	-1 1/2
Marney South Co	120 1/2	-1 1/2
New Zealand	2 1/2	-1 1/2
Marney V	384	-1 1/2
Marney South Co	394	-1 1/2
Line Ln. 2013	450	-1 1/2
Marney Inc.	450	-1 1/2
Old Michael SA	474	-1 1/2
Marney	77	-1 1/2

Pacific Assets	4	49 1/2	1 1/2
Sons & Warrants	.	2 1/2	1 1/2
Pacific Horizon	4	22 1/2	1 1/2

[illegible]

Spot Value	1115	24
Southern Loan	715	24
Warrants	145	1

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

Cap	12 1/2	
Zero Day Pri	53 1/2	
Gardner Scott Inc.	38 1/2	

[illegible]

Market Edge Inc	138	—	—
Marzotto	301	—	4
Zero Div Pl	173	—	17
Junior General 1000+	1000	—	—

[illegible]

Value	451	-5	6
Zero Profit	232		232

ENGINEERING - Continued HEALTH CARE - Continued

صبرنا من الامل

MEDIA UK GROUP IN AGREEMENT TO BUY 20-30 PER CENT HOLDING IN PUBLISHER OF EL MUNDO

Pearson takes Spanish newspaper stake

By David White in Madrid

Pearson, the UK-based media group, yesterday made a significant move towards becoming a leading operator in the Spanish media through an agreement to take a stake in El Mundo, one of the country's main national daily newspapers.

The deal sets a maximum price of Ptas10,500 (\$74.4m) for an initial holding of between 20 and 30 per cent in the newspaper's publisher, Unid Editorial.

The stake, expected to be raised later, will be held through Recoletos, a Pearson subsidiary in which the Telefonica telecommunications concern last year became a partner with a 20 per cent holding.

Pearson, the owner of the Financial Times, holds about 75 per cent of Recoletos, whose titles include the sports newspaper Marca, which ranks as Spain's biggest-selling daily, and Expansion, the leading business newspaper.

The shares are to be bought from the founder, El Mundo, Italy's Rizzoli group, which publishes Il Corriere della Sera, is maintaining its 45 per cent share. The British Guardian newspaper, which provides syndicated articles to El Mundo, retains 3 per cent.

In a second stage, Recoletos and Rizzoli plan to pool their holdings in a 50-50 joint venture.

The deal raises sensitive issues in Spain both because of Telefonica's growing presence in the media and because of El Mundo's political role as the scourge of the Spanish Socialist party.

Between them, Pearson and Telefonica own a press and broadcasting empire broadly similar to Press, which publishes the El Pais daily and has until now been a clear leader in the Spanish media business.

Both groups will include national newspapers, sports and business dailies - with Recoletos having the larger combined circulation of more than 800,000 - and effective control of television stations, including digital networks.

Oil merger faces challenge of interpersonal combustion

Chiefs of Mobil and Exxon are steeped in very different corporate cultures, write Christopher Parkes and Robert Corzine

Testosterone and ambition, the volatile mixture that drives many a business leader, can become outright explosive when moguls make a match.

The recent past is littered with examples of post-merger personality clashes which underscore the difficulties ahead for Lee Raymond, conservative Exxon chairman, and Mobil's Lucio Noto, a hands-on manager who appears almost an iconoclast in comparison.

Long-association, even friendship, can count for nothing when the talking is through, power-sharing becomes the issue, and blending corporate cultures becomes the over-riding pre-occupation.

NationsBank started out with two heads and the best of intentions after its merger with BankAmerica, but it was David Coulter, chief of the junior partner who was to walk out, leaving the field to NationsBank head, Hugh MacColl.

Cultural conflicts have also dogged the three-year-old merger of Wells Fargo and the First Interstate Bank of California.

The careers of Mr Raymond and Mr Noto have much in common. Both are life-time oil men, tutored for leadership in a business notable for its linear management, and both of an independent turn of mind.

Mr Noto has shown most willingness to depart from the past, recently devolving power to almost a dozen operational divisions. He has also been more resolute than most of his US peers in cutting jobs and costs, shifting exploration decisively into remote, uncertain prospects in areas such as the Caspian and Azerbaijan.

Aware that industry consolidation was inevitable, he was early into the field, hunting for partners, and started at least two years ago making passes at the likes of Chevron and Amoco. However, according to industry observers, talks came to nothing because Mr Noto was determined to retain full control.

"He was probably right not to ignore the reality that at the end of the day mergers and partnerships are old-fashioned takeovers," said one industry consultant. Now, faced with the likely merger with a much bigger group, it looks as though he might have been wrong to assume he had a "God-given right" to prevail.

While observers characterise Mr Raymond as a bureaucrat with more than a hint of the patriarch, they also point out that Exxon, for all its size, is still one of the best-run oil companies in the business, still favoured by investors because of its high return on assets.

Although he has been accused of arrogance for his insistence that Exxon would "never" make a big acquisition because it did not need to and could grow using its internal resources, one observer said the description now seems unjust.

His reluctance to enter the fray might have stemmed more from his recognition of the dangers of personality clashes. Bankers advising on deals have emphasised to prospective partners the need for clarity of management at the top, and down to the second or third tier, before any deal is announced.

That clarity was one reason that the British Petroleum/Amoco deal was so warmly welcomed. It was clear that Sir John Browne, BP chief executive, would lead the combined entity, while Larry Fuller, Amoco chairman, had a specified date of departure.

It was also clear that BP's corporate culture would dominate. Industry executives and analysts find it hard to see how Mr Noto and Mr Raymond could find common ground for longer than it takes to strike the deal, break the news and declare themselves eternal friends and allies.

Both men have a reputation for abrasiveness, while at the same time being steeped in quite distinct corporate cultures. Even though both companies emerged from the old Standard Oil monopoly broken up into the "Seven Sisters" in 1911, their recent histories have been very different. Mobil has been far more aggressive, notably in its international ambitions.

Mobil's refining and marketing joint ventures with BP in Europe also showed that the US group was willing to enter into non-traditional deals if it saw a chance to unlock greater value.

Perhaps more important was Mr Noto's willingness to accept that BP had the stronger brand in European markets, and allow the most recognisable display of its identity - the signs on its filling stations - to be replaced by the green and yellow shields of BP.

This may not turn out to be the case in the US, where Exxon and Mobil have comparable motor-fuel market shares of about 10 per cent each, although some regional overlaps seem likely to be eliminated. But the real questions over Mobil's ability to retain a separate identity will most likely be answered not on the forecourt, but in the offices of management, sales and marketing.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's, New York. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL INDICES		DOLLAR INDEX													
US Dollar Index		THURSDAY NOVEMBER 28 1998					WEDNESDAY NOVEMBER 27 1998								
Point	%	Point	%	YTD	Local	Point	%	YTD	Local	2 week	3 month	Year			
Change		Change			on Day	Change			on Day	Low	Low	ago			
Australia (70)	104.20	0.5	102.83	155.16	338.03	213.13	0.3	3.42	209.51	181.37	156.76	211.28	216.06	163.85	116.24
Canada (72)	103.29	0.3	103.09	141.91	162.94	102.23	1.2	2.15	109.89	149.40	135.65	160.25	193.73	165.45	105.85
France (73)	107.14	1.9	103.61	256.55	335.51	338.67	1.8	2.05	371.12	351.88	286.83	329.82	362.72	368.92	246.00
Germany (74)	107.45	0.2	104.84	161.40	204.50	204.45	1.5	1.56	177.92	193.84	162.37	192.58	212.91	215.81	141.75
Italy (75)	102.44	0.2	100.85	159.73	170.20	223.65	0.7	1.34	180.05	152.65	155.75	222.05	246.76	189.24	105.26
Japan (76)	100.69	0.9	111.16	336.08	608.01	605.75	1.8	1.72	452.34	330.24	346.40	401.01	508.52	537.33	415.82
UK (77)	102.85	0.4	103.08	99.56	109.41	555.73	3.3	1.70	475.05	425.34	397.40	422.47	455.95	506.46	397.28
US (78)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (79)	102.42	0.2	100.85	214.20	245.04	245.04	2.1	1.32	207.70	241.93	230.06	236.09	259.59	325.61	218.04
Europe (80)	101.37	-1.1	248.42	234.71	267.38	318.88	0.9	1.40	265.24	272.30	235.26	270.26	325.84	332.00	214.47
Latin America (81)	101.00	0.1	235.42	249.28	243.18	338.05	0.1	3.98	331.24	256.45	259.30	263.58	320.27	360.07	186.04
Middle East (82)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (83)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (84)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (85)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (86)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (87)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (88)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (89)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (90)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (91)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (92)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (93)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (94)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (95)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (96)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (97)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (98)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (99)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (100)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (101)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (102)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (103)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (104)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (105)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (106)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (107)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (108)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (109)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (110)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (111)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (112)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (113)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (114)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (115)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (116)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (117)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (118)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (119)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (120)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (121)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (122)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (123)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (124)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (125)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (126)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (127)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (128)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (129)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (130)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (131)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (132)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (133)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (134)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (135)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (136)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (137)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle East (138)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
South America (139)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
World (140)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
US (141)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Asia (142)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Europe (143)	100.00	0.0	100.00	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Latin America (144)	100.00	0.0													

Hong Kong recession bites as GDP falls 7%

By Louise Lucas in Hong Kong

Hong Kong is in the throes of its worst recession on record. Figures released yesterday showed a 7 per cent contraction in gross domestic product for the third quarter compared with the same period in 1997.

The government is forecasting a full-year drop in GDP of 5 per cent.

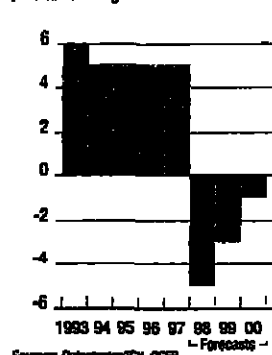
The numbers confirm private-sector forecasts but are at odds with the stock market. Hong Kong's traditional barometer of confidence.

"The [benchmark] Hang Seng index gained several hundred points in a week that Hong Kong revealed four historic lows: retail sales, inflation, exports and GDP," said Dong Tao, senior economist at CSFB. "The market simply ignored these fundamentals."

With economic contraction set to continue, the business community is concerned that the government - facing a forecast budget deficit of HK\$49bn (\$6.3bn) - will scale down expenditure or possibly raise taxes.

Hong Kong's record reduction in GDP in the third quarter was the result of falls in

Hong Kong real GDP
Annual % change



Source: Department of Census and Statistics

consumer and government spending and exports. Consumer sentiment fell following the currency attack launched by speculators in August, which in turn led to volatility in the financial markets.

"It's the negative wealth effect," said Andy Xie, greater China economist at Morgan Stanley Dean Witter. Government expenditure on infrastructure also fell following the July completion of the new airport.

Prices continued to fall in the property market and the number of transactions

"shrank considerably further," the government said. Buyers forfeited deposits or resold at a loss rather than risk bigger losses.

While forecasting a full-year shrinkage of 5 per cent, the government said this could be worse if consumer spending dropped further because of the threat of increasing unemployment, or if exports underperformed.

CSFB is forecasting recessions for the next two years: a 3 per cent contraction next year and a fall of 1 per cent in 2000.

Donald Tsang, financial secretary, warned that Hong Kong should be prepared for more poor data in coming quarters.

The territory's main aim so far has been to maintain its currency link to the US dollar. Under the currency board mechanism, interest rates automatically rise on capital outflow, and the high interest rates prevailing for much of this year caused much anxiety among companies and consumers.

Japanese recession, Page 4
World stocks, Page 21

Canada set to reject big banks' link plans

By Edward Alden in Toronto

Paul Martin, Canada's finance minister, is set to block in their present form two proposed mergers involving four of Canada's five largest banks, according to a senior Canadian banker.

Canada's competition bureau is expected to deliver its preliminary report on the mergers to Mr Martin early in December. That report will highlight several sectors in which the merged banks would have an excessive market share, including retail banking, credit cards, wealth management and brokerage services.

The territory's main aim so far has been to maintain its currency link to the US dollar. Under the currency board mechanism, interest rates automatically rise on capital outflow, and the high interest rates prevailing for much of this year caused much anxiety among companies and consumers.

Japanese recession, Page 4
World stocks, Page 21

THE LEX COLUMN

Barclays bunk

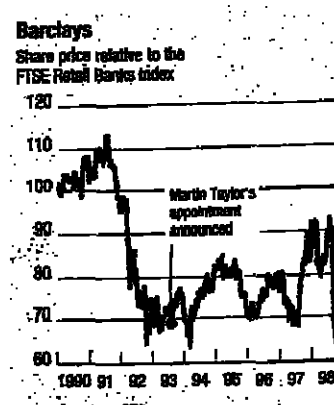
One thing is clear about Martin Taylor's departure as chief executive at Barclays Bank: by the time he went there was much bad blood between him and his board. What remains murky is whether Mr Taylor, his board, or both were at fault. Certainly, the official press statement, with its warm words all round, sheds no light on the issue. That is a matter of concern to investors. Until recently, Mr Taylor was the golden boy of British banking. Without a better understanding of what happened, shareholders cannot judge whether a brilliant strategist has been squeezed out by backwoodsmen or the bank has been saved from an erratic manager.

Although Mr Taylor's resignation came as a bolt from the blue for investors, relations between him and his board had been souring for some time. Mr Taylor is said to have felt frustrated because the board did not appreciate the urgency of taking radical action to reshape the business - in particular, demerging it into a retail and corporate bank. Members of the board are understood to have felt that Mr Taylor was trying to bounce them into such decisions without proper discussion. Tension was so great that Mr Taylor had apparently threatened to leave several times, while the board had started the search for a chief executive two months ago.

Clearly, there were differences of style. But what about the matters of substance? Dividing the bank in two might seem an attractive way of enhancing shareholder value - after all, retail banks such as Britain's Lloyds TSB are highly valued by investors, while those active in international finance have recently been hammered. But carving the bank up would have been costly.

Certainly a rush to split the bank would have represented a panic reaction to Barclays' losses in Russia and its involvement in Long-Term Capital Management. These were embarrassing but not out of line with what other international banks were facing. The group has already blown hot and cold over investment banking far too many times for comfort. Mr Taylor's own image was tarnished by the way he mishandled the sale of Barclays' equities and advisory business last year.

Mr Taylor leaves Barclays spinning in the wind. Tucked away at the end of yesterday's announcement is what could be another profit warning. The bank is reassuring investors that there is no new black



Source: Department of Census and Statistics

hole but its forecast pre-tax profits of at least £1.5bn (\$3.1bn) compares with market expectations of £2bn-£2.5bn.

Meanwhile, Barclays is left strategically bereft and suffering a management vacuum. It not only has a stop-gap chief executive in Sir Peter Middleton, but a stop-gap chairman and finance director too.

Does this make Barclays vulnerable to a bid? Possibly. Certainly, a hostile bid would be hard to mount given that the ensuing goodwill write-off would blow a massive hole in most acquirers' balance sheets. A merger, say with a British insurance company or continental European bank, would not face such financing problems - although Barclays would not have to accept a friendly offer. Still, unless it pulls its act together quickly, its investors may start getting itchy.

Rover

When BMW bought Rover for \$200m nearly five years ago, the up-market German outfit was regarded as buying a low-cost base. The honeymoon period was warmed by a falling pound, and exported Rover appeared to make \$91m operating profits in 1995. Within a year, the British boss had quit and German accounting revealed serious losses. Since then the story has been of clapped-out Rover needing a turnaround. BMW's investment bill has mounted to £2.5bn and another £1.7bn is planned.

After a bad year, with the high pound and ageing models eroding Rover's competitiveness, BMW's shareholders might well ask why bother? The main answer is that the hard work is more than half done - the new labour agreement is another milestone. And the benefits, other than at Land Rover, are yet to come.

Three new product ranges go on sale between next spring and 2002. A subsidiary answer is that the bad news has provided a useful sword of Damocles in negotiations.

After changes to working hours and cuts in bonuses, Rover workers are back in the international comparison race. A grateful Labour government will chuck in, say, £170m and the Longbridge plant will be "saved". The sweetener represents a bad habit that car-loving governments must kick. But the truth is that BMW will not continue to make Rover in the UK unless it makes economic sense. Rover's Britishness is a selling point, but cutting £150m from £1bn annual employment costs is more important, and the success of the new products is crucial.

Lasmo

Lasmo's labours lost. Keeping costs in line with a falling oil price inevitably demands exploration and production job cuts. If the sector's 56 per cent underperformance against the market this year is to be reversed, returns on capital must rise. Had Lasmo implemented yesterday's measures six months ago, it would probably not now be heading for a full year loss.

Still, better late than never, particularly since the scope of the cuts finally proposed is bold. As in Shelly, internal restructuring drive, the UK headquarters will bear the brunt of the cuts, with up to 60 per cent of the 340-strong London staff departing. Assuming the proposed decentralised structure does not lead to job increases elsewhere, Lasmo's total workforce is set for a 25 per cent reduction.

That the streamlining has continued right into the executive boardroom - the finance director and chief operating officer have already been the dust - will help maintain morale among the troops. And a new leaner executive board, down from five to three, should improve Lasmo's responsiveness to deteriorating conditions.

However, the £20m-£30m annual savings predicted within two years will cost a steep £30m-£40m in one-off charges. This bill will mount if talented people defect in the turmoil that may well ensue and if planned outsourcing measures prove less valuable than envisaged. For Lasmo's shares to narrow their discount to net asset value, yesterday's measures have to be seen as just a first step.

Viag slips as Alusuisse merger is confirmed

By William Hall in Zurich and Frederick Södermann in Bonn

Viag, the German conglomerate, and Alusuisse, the Swiss industrial group, yesterday confirmed their merger plans after two weeks of rumours.

Viag's shares, which had been falling since the speculation began, closed DM221.50 lower at DM1,064.50 yesterday. Analysts believe Alusuisse shareholders have more to gain than those with Viag stocks. Alusuisse shares, which at one stage yesterday touched SF1,949, closed SF1,920 higher at SF1,820.

Viag and Alusuisse Lonza announced a share swap under which Viag shareholders will own 65 per cent of the enlarged group.

Viag shareholders will receive 10 shares for each existing share. Alusuisse

Lonza shareholders will receive 21.7 shares for every one share.

The "merger of equals" will see an enlarged group with a market capitalisation of more than DM40bn, (\$23.5bn) sales of DM53bn and a workforce of 127,000 - the sixth largest industrial group in Germany.

Viag chief executive Wilhelm Simson, 60, will take the same role in the combined operation.

He said the merger would lead to a "quantum leap" in the competitive positions of the industrial operations of the two groups.

The industrial group would have three industrial businesses - packaging, aluminium, and specialty chemicals - each with revenues of between DM6bn and DM11bn.

The group, with headquarters in Munich and executive offices there and Zurich, will

be the world's fourth largest integrated aluminium producer and the fifth largest specialty company.

Alusuisse is smaller, but its industrial operations are more profitable and Viag will be counting on Sergio Marchionne, 46, Alusuisse's chief executive, to improve profitability.

Mr Marchionne, who will be deputy chief executive, will head the industrial operations and Viag's fast-growing but loss-making telecoms business. Theodor Tschopp, 61, chairman of Alusuisse's supervisory board, will be chairman of the supervisory board.

The merger should produce DM\$70m in annual synergy benefits within three years and result in a one-off DM400m cash cost. Most of the savings will come from reduced overheads and 2 per cent cut in the 127,000 workforce.

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Markets Latest

FTSE 100	5942.2	(+16.3)
Nasdaq	2238.0	(+11.48)
FTSE 100 Share	2555.0	(+0.24)
Nasdaq	15,089.39	(+138.38)
New York Stock Exchange	9333.08	(+15.80)
S & P Composite	1192.28	(+5.41)
IN LONDON MONEY		
3-mo interest	9.5%	(9.5%)
Libor 3m (6 Dec)	110.53	(110.73)
IN US LUNCHTIME RATES		
3-mo interest	5.00%	
Libor 3m (6 Dec)	4.50%	
Long Bond	91.4	
Yield	5.7%	
IN NORTH SEA OIL (Angels)		
Brent Dated	\$14.78	(10.4)
WTI	\$12.80	
IN GOLD		
New York Comex Gold	\$285.05	(285.5)
London	\$285.05	(285.5)

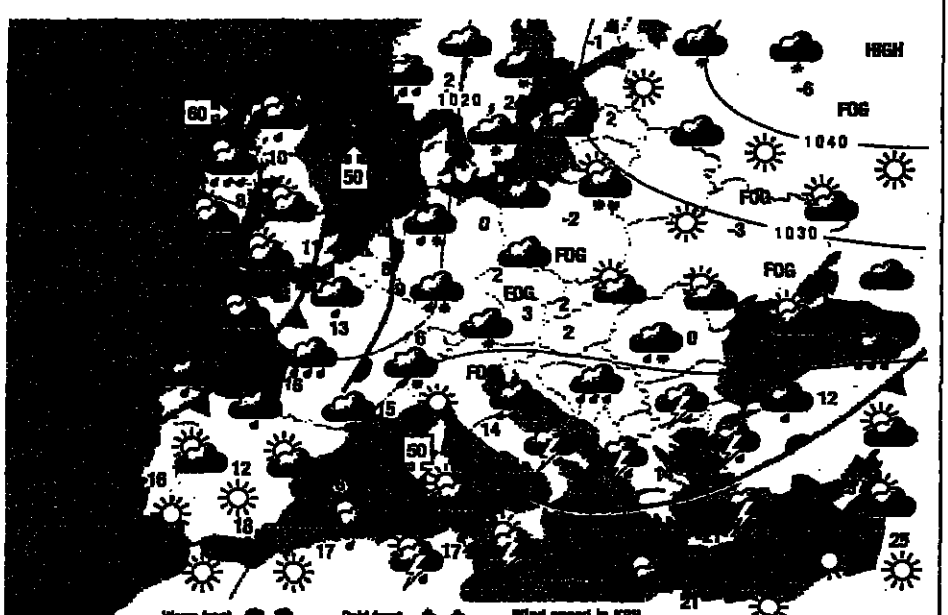
Weather

Europe today

Northern Europe will have scattered snow flurries, but there will be heavier snow across the Scandinavian mountains. Fog will be persistent across eastern Europe. Conditions in western Europe will be milder than of late, although rain and sleet will spread across France and the Low Countries. It will be unsettled in the central Mediterranean, but Cyprus should stay sunny.

Five-day forecast

Pressure will remain high over Russia, maintaining the freezing conditions across the Baltic states and northern Europe, away from the far north-west. A low pressure system will deepen over the central Mediterranean, bringing further unsettled and stormy conditions to Greece, Italy and the Balkans. A strong Mistral will blow along the Rhone valley.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

Abu Dhabi	Sun	29	Beijing	Sun	32	Chengdu	Cloudy	4	Edinburgh	Snow	10	Madrid	Cloudy	21	Rangoon	Rain	33
Accra	Sun	32	Bombay	Sun	32	Cairo	Sun	28	Frankfurt	Sun	19	Manila	Cloudy	12	Reykjavik	Snow	5
Algiers	Sun	17	Buenos Aires	Sun	15	Cardiff	Sun	11	Geneva	Sun	11	Moscow	Cloudy	18	Rio	Sun	29
Amman	Sun	17	Calcutta	Sun	19	Chicago	Sun	19	Glasgow	Sun	19	Montreal	Cloudy	10	S. Paulo	Sun	14
Athens	Sun	14	Dakar	Sun	22	Cologne	Sun	15	Hamburg	Sun	15	Mumbai	Cloudy	18	Singapore	Thunder	31
Atlanta	Sun	24	Dubai	Sun	23	Dallas	Sun	20	Helsinki	Sun	15	Nairobi	Cloudy	22	Stockholm	Cloudy	2
B. Aires	Sun	22	Durham	Sun	18	Delhi	Sun	27	Hong Kong	Sun	25	Paris	Cloudy	11	Sydney	Shower	20
Bombay	Sun	22	Edinburgh	Sun	10	Doha	Sun	23	Kobe	Sun	15	Perth	Cloudy	12	Taipei	Sun	18
Brussels	Sun	11	London	Sun	11	Dublin	Sun	18	Los Angeles	Sun	17	Port of Spain	Sun	26	Tel Aviv	Sun	25
Budapest	Sun	11	Luxembourg	Sun	11	Durham	Sun	18	Manila	Sun	25	San Francisco	Sun	15	Tokyo	Sun	15
			Vienna	Sun	11	Durham	Sun	18	Medan	Sun	25	Seattle	Sun	15	Vancouver	Sun	8
			Zagreb	Sun	11	Durham	Sun	18	Montevideo	Sun	15	Singapore	Sun	15	Wellington	Sun	15
						Durham	Sun	18	San Jose	Sun	15	Singapore	Sun	15	Winnipeg	Sun	15
						Durham	Sun	18	Sao Paulo	Sun	15	Singapore	Sun	15	Yokohama	Sun	15
						Durham	Sun	18	Singapore	Sun	15	Singapore	Sun	15			

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FT WEEKEND

NOVEMBER 28 / NOVEMBER 29 1998



Seasonal festivities

'Christmas at the Banff Springs hotel in the Canadian Rockies is a big affair - carollers, moonlit hay rides, concerts'



Christmas wish lists

'Clementine wants a large pram and a Teletubbie scooter; Elizabeth would like taffeta skirts and a bike'



Pause for thought

'Pinter's concern for language and his moral force coalesce and give some of his political writing a rare power'

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Life's victory over the shutter of death

Aids has taken its place among mainstream diseases. Holly Finn looks at the way its victims are coping with this new 'livability'

When photographer John Dugdale set off alarms in The Metropolitan Museum of Art in New York a few years ago, it wasn't a form of artistic protest. He simply failed to realise he was peering too closely at the paintings, or reaching too near a sculpture's foot - he had just become almost completely blind.

After a stroke in 1993, Dugdale lost nearly all his sight, save for a tiny crescent of blurry peripheral vision at the bottom of his left eye. He still takes photographs, though, of scenes he can no longer see - at least literally. He outwits his damaged eyes by using an internal sense of how things look to create a picture; assistants help to focus the camera. "I just have to be clever," he says. Dugdale has learned how to be a blind person, listening to books on tape to master a new set of manners (never let your head sink towards the plate when you eat, always look straight at the person you are talking to so they don't become uncomfortable). He has also learned how to be a person with Aids.

It was HIV that prompted his stroke five years ago, and now prompts him to take a cocktail of anti-viral drugs - 40 pills - every day. Nearly two decades after the emergence of HIV, Dugdale, like millions of others, just has to be clever about it. At the 1996 Vancouver International Conference on Aids, discussion of new treatments - protease inhibitors - was widely interpreted as promising a cure. In the same year, Newsweek ran a cover story titled "The End of Aids". But it is now clear that the epidemic has not ended. According to the United Nations Programme on Aids (UNAids), 33.4m people are infected worldwide and 90 per cent of those don't know they are. By 2000, 40m will be living with the virus.

This year's World Aids day is on Tuesday, sponsored by UNAids, and will aim events and education at young people and the need for vig-

lance. "This is just a back of the envelope calculation, but I estimate that 100m young people become sexually active every year," says Peter Piot, executive director of UNAids and assistant secretary-general of the UN. "The prevention effort will never stop. It cannot stop." Around the world, 7,000 people aged between 15 and 24 are infected with HIV every day, that's five every minute, according to UNAids.

In the US, many people with Aids are concerned that the public, in its eagerness for the disease to disappear, is developing its own blindness. Last month, President Clinton declared Aids a healthcare crisis in minority communities and pledged a further \$156m for prevention, treatment and training. But from the private sector, there is no corresponding flow of funds. At a time when private giving to non-profit organisations increased by 7 per cent in each of the past two years, funding for Aids groups in particular has declined severely.

Skewed perceptions of Aids are difficult to shift. In a recent telephone survey of 1,700 heterosexual Americans, conducted by the University of California at Davis, 27 per cent of respondents said they "would be less likely to wear a sweater that had been worn one time by a person with Aids than if it had been worn by another person - even if the sweater had been cleaned and sealed in a new package".

Some continue to doubt the virus altogether. Continuum, a magazine "by the living for the living" published in the UK, suggests that "the link between 'HIV' and 'Aids' has never been more than hypothetical". Peter Duesberg at the University of California Berkeley persists in his long-held view that "Aids is neither an infectious epidemic nor caused by HIV". But people with Aids don't bother debating its existence. Instead, they analyse their own existence. For example, December 1 is also the 10th annual Day With- (Out) Art, an observance organised by a group called

Visual Aids that highlights the contributions artists with Aids have made - and the ones they won't make if they're dead. As part of his contribution, John Dugdale will be at the Museum of Modern Art in New York to launch The Virtual Collection, the first digital database of works by 200 artists with HIV/Aids, drawn together from archives across the country.

Dugdale also has a new show, entitled "Nature and Spirit", running in New York and opening in London next week. It is a collection of pictures unusual not only because you see what the photographer could not; you are also seeing pictures that are not Kodachrome and are not black and white. They are cyanotypes which follow a process invented in 1843 that relies on the light sensitivity of iron salts. The results are blue and white images that look as if a mischief-maker had grabbed your most precious old photos and dipped them in a vat of cobalt.

"Your sight does not come from your eyes, it comes from your brain," says Dugdale, whose portraits, still lifes and landscapes help explain the difference between taking and making a photograph. The first is what most of us do: see something and snap it. The second is what Dugdale does. He envisages the scene and makes it happen.

"It seems unfathomable to people to be a visual artist who can't see," says Dugdale. "But Beethoven was deaf. Galileo went totally blind working on some of his most important formulas about the stars." Dugdale is 38 now, and lives on the top floor of a townhouse in the West Village in New York City. He is

body, is a freaky side-effect of certain protease inhibitors. It causes "puppet face" (wasting of the face), "protease paunch" (thickening of the mid-section) and "buffalo hump" (fatty deposits behind the neck and on the shoulders).

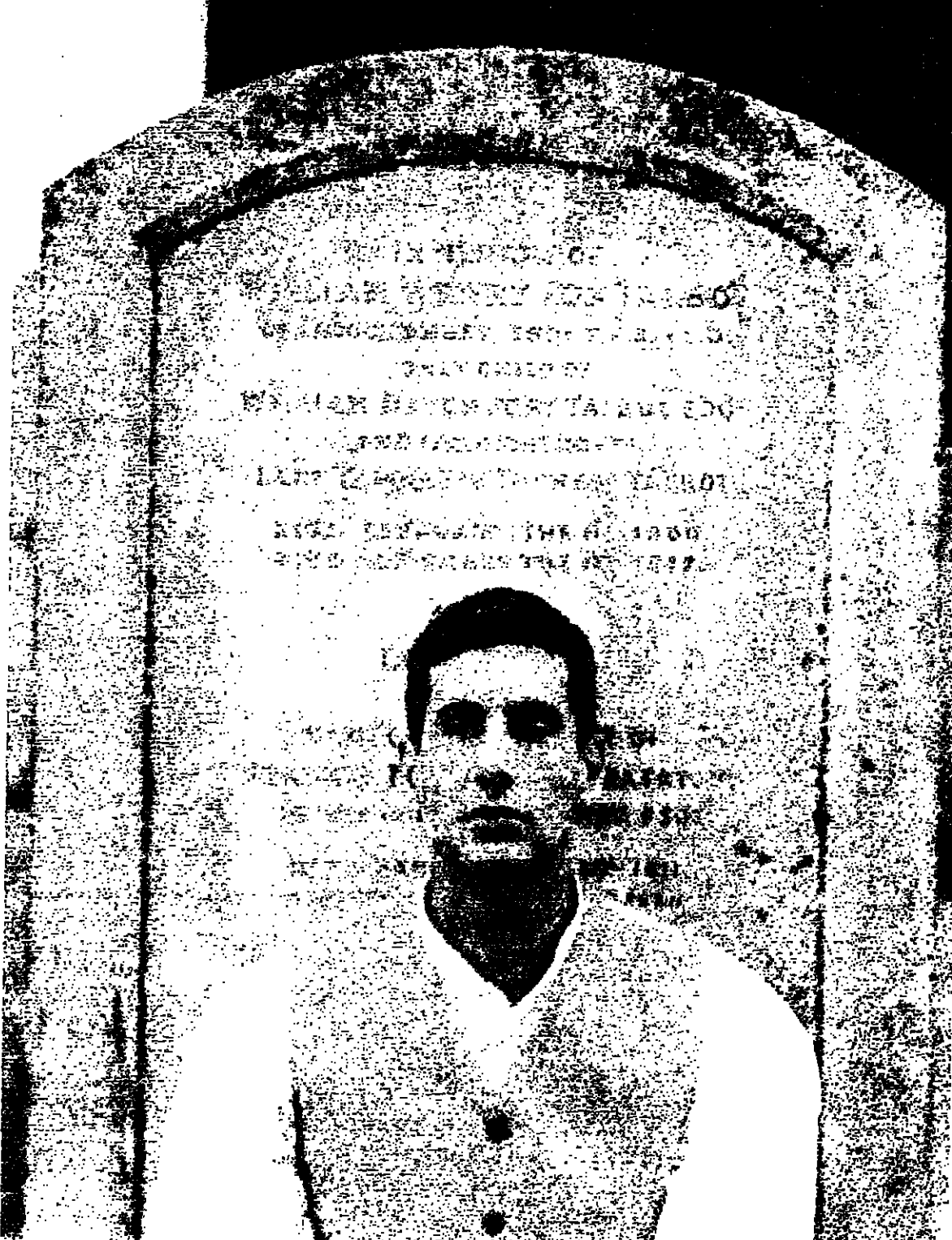
John Dugdale has suffered from none of these. He appears in many of his own photographs, as clear-skinned and as ideally proportioned as an Olympic rower. You can't see his disease; he hasn't been overwhelmed by it. He's a prime example of its livability. Adherence to the prescribed drug regimen is crucial, not only for stabilising the system but for preventing a build-up of resistance. Many people with Aids find it difficult sticking to such an intricate schedule - taking this handful of pills on an empty stomach, that handful on a full stomach, another at 4am - for life.

Some, calling themselves "drug-naïve", simply refuse to take medication until their health necessitates and it's absolutely necessary. "I don't object to taking these drugs, it's the timing," says Mark Niedzrolkowski, the founder of People With Aids Health Group. He criticises "the old American attitude of 'if a little is good why not take a lot. If that's good, why not take it earlier'".

Dugdale thinks the stand-off approach is foolish. "I've seen so many people die in that frame of mind." The photographer is diligent about taking his cocktail. He is planning for his next show "about my progenitors and my siblings" and asking himself: "How could I really look at them, even harder, more intimately?"

He does not dwell on the possibility of getting his physical eyesight back, though he sometimes imagines it, naturally, as a picture. "A camera with the aperture closing first, then opening." For now, his view is clear enough. "For Christ's sake," he says, "just take the drugs and get on with it."

*Wessel + O'Connor Gallery, 242 West 26th Street, New York, until January 3; Hamilton's Gallery, 13 Carlos Place, London W1, from December 4 to January 16.



'His shoulders are almost as broad as the gravestone': John Dugdale pays homage to a creator of his profession

tall and dark with smooth olive skin and a gently lilting voice. In a self-portrait in his new show he seems much the same, but somehow even more imposing. He is seen at Lacock Abbey in England, sitting against the gravestone of William Henry Fox Talbot (the inventor of the negative in 1835), and looks noble, determined. His shoulders are almost as broad as the gravestone. It is, notably, not a picture of death.

People with Aids are, as Dugdale is, going back to

Anthony Fauci, director of the US National Institute of Allergy and Infectious Diseases, estimates that over the past two decades, 60m people have died from tuberculosis, between 40m and 60m people from malaria, and 11m from Aids. But Aids' continuing, often covert, capacity for damage is enormous. Though HIV can be treated to the point where it becomes undetectable in the blood, the virus remains, says Fauci, "very recalcitrant, stubborn, persistent" in other reservoirs of the body. It is always potentially infectious. And people with it are tending to live longer and, as people do, to have sex with other people.

Dugdale is gay and some of his pictures feature naked men, but his new show is not about being gay, just as it is not about having Aids or being blind, though it is coloured by all three. He is an activist primarily by being active. His prints of a "Paris Porcelain Teapot" will be sold for \$1,000 each to benefit the Elton John Aids Foundation. "As a collector of master paintings and 20th century photography," the singer says, "I am astonished to find someone who can effortlessly combine the two genres."

His cyanotypes are not exclusive, and neither, any more, is the infection once known as "the gay disease". From 1981 to 1996, the proportion of newly reported US Aids cases accounted for by men who have sex with men, including those who inject drugs, decreased from 64 to 44 per cent. The proportion

of newly reported cases accounted for by people infected heterosexually increased from 3 to 13 per cent, according to the Centre for Disease Control.

There is still no vaccine. Optimistic estimates for the development of one expect it to take between seven and 10 years. Meanwhile, the developing world is far worse off than it was five years ago. Two-thirds of people infected with HIV live in Africa south of the Sahara, and the virus keeps spreading. "India is going to be the next epicentre," warns Fauci.

In the developed world, existing treatments are a salve, not a cure. Protease inhibitors are no panacea. "If there's one big scary story that came out of Geneva [venue for the annual World Aids conference this year], it's that there is multi-drug resistant HIV," says Greg Lugliani of Gay Men's Health Crisis in New York. Existing therapies cannot treat those in whom resistant strains have developed.

"I was one of the guinea pigs," says Spencer Cox, director of the anti-viral project at the Treatment Action Group in New York. He developed resistance to his drugs within a year after he started taking them in 1994. He now admits, with hindsight: "I should have waited much longer to start treatment." He hopes that today's clinical trials will produce something that might manage his virus.

Even when drugs do work they often have side-effects, some a lot more serious than the repulsive caramel-

According to the United Nations, 33.4m people are infected worldwide and 90 per cent of those don't know they are. By 2000, 40m will be living with the virus

from your brain," says Dugdale, whose portraits, still lifes and landscapes help explain the difference between taking and making a photograph. The first is what most of us do: see something and snap it. The second is what Dugdale does. He envisages the scene and makes it happen. "It seems unfathomable to people to be a visual artist who can't see," says Dugdale. "But Beethoven was deaf. Galileo went totally blind working on some of his most important formulas about the stars." Dugdale is 38 now, and lives on the top floor of a townhouse in the West Village in New York City. He is

Joe Rogaly

Loss of innocence

'The medical practitioners of the 21st century will offer death as a consumer choice'

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NEXT WEEK

Seasonal cheer up

Jancis Robinson sniffs out the world's finest wine producers in the run-up to Christmas

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PERSPECTIVES

The Nature of Things

What makes our body clocks tick?

Circadian rhythms are no longer a total mystery. Clive Cookson charts our new understanding

Many biological clocks are ticking inside our bodies, with periods ranging from about a second (heart-beat) to a lifetime (ageing). One that particularly fascinates scientists is the circadian rhythm, which has evolved to keep our biological processes in step with the 24-hour cycle of night and day; anyone who has suffered jet lag knows the consequence of being out of step.

A couple of years ago the mechanism of the circadian clock was largely a matter of scientific speculation. But researchers have made astonishing progress since then in discovering how it works.

Understanding the biochemical cycles that enable the body to keep time will help scientists to come up with new ways to reset the clock when it is out of sync—for example, following an intercontinental flight or a period of working night shifts. The research may also lead to treatments for some sleep disorders linked to faulty biological time-keeping.

It turns out that the chemical oscillator at the heart of the circadian clock, equivalent to the pendulum in a grandfather clock or the vibrating crystal in a quartz watch, is based on the transcription of genes.

Although the real circadian

cycle involves several genes and their products, you can get an idea of the system by imagining a living cell with just one clock gene. This produces a protein that builds up to a certain critical level, at which point it switches off the gene. The protein concentration then falls enough for the gene to switch back on. This makes more protein, and the cycle repeats itself every 24 hours.

In other words, the circadian clock has a genetic pendulum with a feedback loop. Genes that are turned on and off by the build-up and decay of their own protein products have been discovered recently in animals, plants and even some bacteria.

Recent research shows that insects and mammals use similar genes for the purpose, indicating a common evolutionary ancestor for their clock. Bacteria and plants, on the other hand, use quite different genes. This suggests that a genetic oscillator is so advantageous, it is helping organisms to cope with life's



daily cycle, that it has evolved independently on more than one occasion.

Of course, a useful circadian clock needs more than a central oscillator. On the input side, it

must have a means of resetting the clock in response to environmental stimuli. And there must be an output pathway to translate the time into biological rhythms, for example of wake-

fulness and body temperature. Where is the clock physically located? In mammals, the suprachiasmatic nucleus—an organ inside the brain, no larger than a grain of rice—acts as a master timekeeper. It receives signals from individual clock cells around the body and co-ordinates the output rhythms.

The most important input stimulus is light. Researchers are rapidly tracking down the "photoreceptor" molecules that tell the oscillator whether it is day or night.

Many scientists had assumed that light-sensitive proteins called opsins, which are responsible for vision in the eye, were also the key photoreceptors for the circadian rhythm. This summer, however, a group at the University of North Carolina published evidence that a set of light-sensitive molecules called cryptochromes are involved in setting the body clock. Whereas the opsins are based on vitamin A, the cryptochromes are based on vitamin B2.

The fact that cryptochromes are found not only in the eye but in the skin and elsewhere in the body supports another discovery made in the US this year: that bright light shone at the back of the knees affects the human circadian rhythm. Again, scientists had assumed that light needed to shine into the eyes to reset the clock.

Researchers at Cornell University used fibre-optic pads, designed originally for treating jaundice in babies, to bathe the skin behind volunteers' knees with light for three-hour periods. They found that light delivered during the night had a marked effect on the subjects' circadian rhythms, as measured by body temperature and other physiological markers. (It may be possible to build on this discovery by developing illuminated pads for the skin, as an alternative to looking into a light box, to treat people who suffer from seasonal depression during the dark months of winter.)

Despite the recent progress, many aspects of our circadian clock remain mysterious. It is not yet known how signals travel from photoreceptors in the eyes and skin to the suprachiasmatic nucleus in the brain, or how these signals actually reset the genetic clock.

Nor is it clear how melatonin—the famous clock-setting hormone that many international travellers take to reduce jet lag—interacts with the body's other timekeeping chemicals. Melatonin is made in the pineal gland, close to the suprachiasmatic nucleus, during the hours of darkness; bright light, experienced through the eyes or the skin, switches off its production very quickly.

None of the methods available to reset the body clock works very efficiently. Some people still take a few days to overcome jet lag after flying halfway round the world, even after taking melatonin tablets. This is not surprising, since nature's clock-setting mechanism evolved to adapt to gradual changes rather than desynchronising leaps across several time zones.

For the first time, scientists know enough about how the system works to be able to think seriously about designing methods to adjust it more quickly. But the clock is too complex to contemplate an instant cure for jet lag in the foreseeable future.

Minding Your Own Business

Knitwear company starts to unravel

Having all its equity in property proved the undoing of Artwork, says Clive Fewins

For knitwear designer Patrick Gottleier there are four key questions to which you should be able to answer "yes" when running a small business: Do I enjoy the work? Does it earn me a living? Is the business well-regarded? Is the business growing?

After 30 years in the business, he is confident he and his wife Jane have satisfied the first three criteria. But it has taken all this time and a business failure to be confident about the fourth.

Having met at art college in the 1970s, they both worked for other organisations for two years before launching their own label—Artwork—in 1978. All went well until the early 1990s.

From the start their speciality was high-quality, hand-knitted cotton womenswear produced in small batches by a team of 1,200 outworkers in the UK. Sales were principally in Europe, the US and Japan. "The strategy was to achieve exclusivity by spreading the net wide, and it worked," says Gottleier, 47.

Nevertheless, the Gottleiers were conscious of the fact that despite a turnover that had topped £1m in 1992,

the business had no working capital.

"This is a business which needs an awful lot of working capital and yet all along our entire equity has been in property," says Gottleier. Since 1981 their home and workplace has been a four-storey, 2,500 sq ft former sack factory in Bermondsey, south-east London, which they bought for £27,000.

In 1984, the Gottleiers bought a small cottage near Rye, East Sussex, that they used with their two sons as a weekend home. And in 1991 they bought the single-storey warehouse next to their Bermondsey base for £105,000. The idea was to use it for storage and eventually rebuild it to four storeys, letting some of the space to other businesses.

They ran the business on a straightforward bank overdraft with the properties as collateral.

Their problems started shortly after purchasing the building next door. "Property prices fell dramatically in this part of London at that time," Gottleier says.

"The City, contrary to many expectations, did not expand south of the river Thames, but east." Very soon they found the building next door



Patrick and Jane Gottleier: four years on from liquidation, "the business is now on a much sounder financial footing"

was worth about half what they had paid for it. "Ironically, 1992 was our most profitable year—we topped £1m and made a record profit of £30,000."

However, that did not stop their bank, wary of the £130,000 overdraft and falling property prices, from converting the loan on the building next door from an overdraft to a 10-year loan, and switching half the working overdraft to a five-year loan.

"It was a worrying move but we thought we could meet our liabilities," Gottleier says. "We had had an excellent year and we thought we had finally acquired that vital commodity—some cash on the bottom line."

But the reality was that, because of the pace at which the company had been expanding, there was

no cash, only stock. The couple still thought they could ride out the situation by continuing to expand the company.

But this proved impossible because all the money flowing in had to be used to repay the loan.

Sales remained good in 1993 and turnover rose slightly, but because of their cashflow problems and higher repayments, profits dropped to £10,000.

To help with smoothing out cashflow the Gottleiers decided to switch most of their production to a Bulgarian hand-knitting specialist they had used twice before.

"As we had so little working capital because of the outflow of money on materials and labour in the UK, our aim was to use a producer that would give us credit terms of 45 days so

that we could cover our overheads," Gottleier says. "It was a disaster; the deliveries were erratic and the quality was appalling. A great deal of the stock was sub-standard and we had to dispose of it at knockdown prices."

"We lost customers in droves. Turnover dropped to £887,000—the lowest for five years—and we made a loss of £149,000." In November 1994, they asked the bank to appoint a receiver.

To meet their debts to the Midland Bank, the Gottleiers had to sell their house in Sussex and also the warehouse next door, which fetched just over half what they had paid for it two years before. They also had to take out a £130,000 mortgage on their house.

Despite all these difficulties, the Gottleiers still had confirmed orders to the value of £200,000, mainly from companies which had been loyal to them for many years.

The liquidator's proposal—which the Gottleiers accepted—was that they should buy the order book back from the liquidator, finance the production themselves, and if successful in fulfilling it, pay a royalty of 5 per cent on the proceeds.

A long-standing Japanese customer came to their aid by guaranteeing the initial letter of credit for £32,000 that they needed to switch production from the UK to a supplier in Hong Kong. This was followed by a further guarantee from another £50,000 needed to complete the order.

"This was the turning point," says Gottleier. Before the year was out Artwork Apparel Ltd had ceased trading and Gottleier Ltd was born.

Through their accountants, Harlams Fenton, the Gottleiers then changed to the Royal Bank of Scotland and negotiated a loan for £250,000, repayable by 2002, through the UK government's Small Firms Loan Guarantee Scheme.

"We now have the working capital we have always lacked and also time to get on our feet again," Gottleier says. "The irony of it all is that it has given us more time to spend on designing than we were able to afford in the previous 17 years; we were spending too much time firefighting. And we have time to do design work for other companies—which we had always planned."

"We also had a second Achilles heel. Many of our knitters had been with us for 17 years and there was a lack of new, younger knitters. Hand-knitting is not something that appeals to the younger generation. "We would not have relinquished our home-based workforce of our own volition but the fact that this was forced upon us has left us with a business that is on a much sounder financial footing."

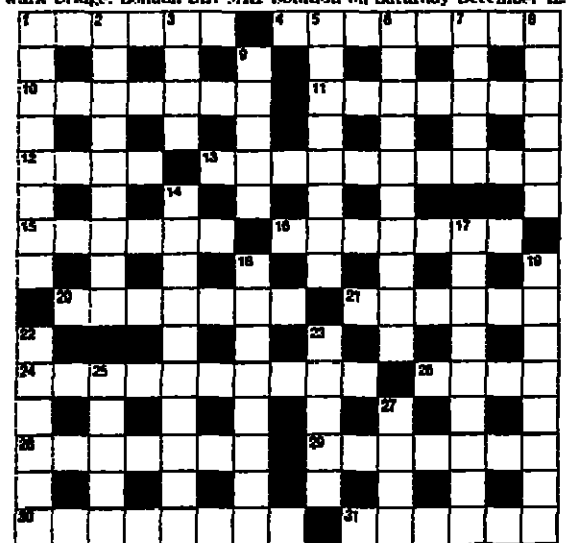
"Turnover in 1997 was just over £900,000 and net profit £34,000. Our loan is being paid back on schedule. We enjoy the work far more now we are doing more designing, we are earning a reasonable living, and at last we feel confident that the business is growing healthily."

■ Gottleier Ltd, 103 Bermondsey Street, London SE1 3XB; tel: 0171-403 6332.

CROSSWORD

No. 9,851 Set by DINMUTZ

The price of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday December 9 marked Crossword 9,851 on the envelope, to the Financial Times, Number One Southway Bridge, London SE1 9UL. Solution on Saturday December 12.



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WINNERS 9,839: R. Chapman, Horseheath, Cambs; F. Malin, Dublin, Ireland; Mrs H. Willett, Liverpool.

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BRIDGE

DOWN

- 1 Comprehensive school cov-ers (8)
- 2 Cast iron's shaped to look like a bread roll (8)
- 3 Understanding purpose? (4)
- 5 Hull supporters put up hero (8)
- 6 Myrtle to marry, tying this knot? (5)
- 7 Child with a long sum (5)
- 8 Celebrity of Wren on construction (6)
- 9 Lamps out in this musical setting? (5)
- 14 Cardiographer's sort of welcome (6-4)
- 17 High tars collectively (8)
- 18 Excited car-pig with lead in pencil (8)
- 19 Cartoonist lively in bars, right? (5)
- 22 Barry is one having to exist on earth (6)
- 23 Wife-beater in front of the kids (5)
- 25 At home, acquired mass of metal (5)
- 27 Girl's plight, having no last returned? (4)

Solution 9,839

POUNCE PERSONAL	POUNCE PERSONAL
IT L R U O E	IT L R U O E
ARCHER GUNNATION	ARCHER GUNNATION
LEAVY L S B C	LEAVY L S B C
MINIRED REVENUE	MINIRED REVENUE
A B A MOD T R H	A B A MOD T R H
GEORGE W E	GEORGE W E
Y E VABARM C A	Y E VABARM C A
RA P R GENIUM	RA P R GENIUM
E E C PEW V S	E E C PEW V S
GENERAL ANGINA	GENERAL ANGINA
R O A O L S	R O A O L S
BOOMERS REPTIS	BOOMERS REPTIS
E E E G E I	E E E G E I
SLANDERS ASTERN	SLANDERS ASTERN

Solution 9,839

POUNCE PERSONAL	POUNCE PERSONAL
IT L R U O E	IT L R U O E
ARCHER GUNNATION	ARCHER GUNNATION
LEAVY L S B C	LEAVY L S B C
MINIRED REVENUE	MINIRED REVENUE
A B A MOD T R H	A B A MOD T R H
GEORGE W E	GEORGE W E
Y E VABARM C A	Y E VABARM C A
RA P R GENIUM	RA P R GENIUM
E E C PEW V S	E E C PEW V S
GENERAL ANGINA	GENERAL ANGINA
R O A O L S	R O A O L S
BOOMERS REPTIS	BOOMERS REPTIS
E E E G E I	E E E G E I
SLANDERS ASTERN	SLANDERS ASTERN

UP

- 4 Trained damaged, outpaced (8)
- 10 A horse's results (7)
- 11 Credit finished, no come-back? One is in the soup? (7)
- 12 Rodin's work is showing a light touch (4)
- 13 Yorkie, for example, chum in the nursery (10)
- 15 Endless device to hold silver is disastrous (6)
- 16 Possibly the first service-book (7)
- 20 Brom's family of fire-tenders (7)
- 21 O'Neill's character in cinema production (8)
- 24 Tot up before the chase? (7)
- 26 First vehicle powered by generators? (4)
- 28 Fashion, if Ghana is unstable (7)
- 29 Became loth, in part, to reveal Arthur's stamping-ground (7)
- 30 Bird from Old Street, flying, has not succeeded (8)
- 31 Son weary of chance is Twain's boy, Tom (6)

Dealer: N E/W vulnerable

North	East	South	West
NB	NB	INT	NB
NB	NB		

West should probably start with K4 but many led 24 which ran to East's 84 and declarer's 104. South has six tricks, with a seventh likely from hearts. However, if the heart finesse is taken at trick two, events unfold most unpleasantly. East wins

Paul Mendelson

■ Paul Mendelson's book, *The Bidding Battle*, is published by Colt Books at £2.95. For a copy (free UK p.p.s), send cheque payable to FT Bookshop, 250 Western Avenue, London W3 6EE, or call 0181-324 5511.

CHESS

Rapid chess at 30 minutes

per player per game is becoming popular, with congresses up and down the country almost every week.

The annual Lloyds Bank British Rapidplay at Leeds Civic Hall was a splendid success last month, with a near-record entry of 350 including several grandmasters. GMs Hebbden and Arkell won the top two awards and took the lead in the UK Only Grand Prix.

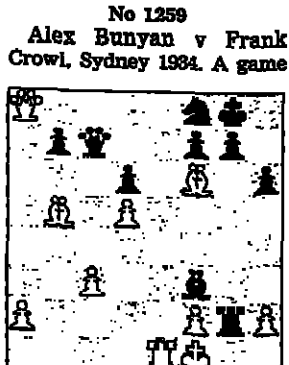
The congress has important support from Leeds City Council and is proving a worthy follow-up to the famous Lloyds Bank Masters; innovations this year included a new adult event and an England under-11 team trial.

Brilliant play is still possible at speed, as in this queen sacrifice where White's earlier pawn advance creates havoc in Black's defences (A Peart v PW Hempton):

Qxb6+! Kxh6 27 Nf5+ Kg5 28 Rh5+ Kf4 29 f3g3 mate.

No 1259: Former international Oliver Penrose points out that Presto Chess (the first to check from the starting position) can be solved one move quicker by 1 Nf3 e6 2 Ne4 (better than 2 Nf5) Kf7 3 Nd3 Qe8 (if Nf5 4 Nd4) 4 Ne5 and check next move, or 1...d6 2 Nf3 Kf7 3 Nf3: "White should use his heavy artillery instead of wasting time with weak pieces like the queen."

No 1259: Alex Bunyan v Frank Crowl, Sydney 1984. A game



with a dramatic outcome which caused a stir at the time. Both kings are in danger, so how should Black (to play) continue?

Solution, Back Page

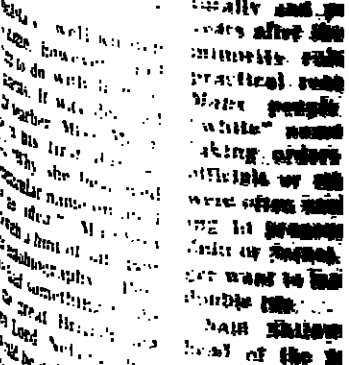
Leonard Barden

Goodbye

Black South Africa

Black South Africa is a new initiative to help black people in South Africa. It is a charity that provides financial support to black people who are in need of help. The charity was founded by a group of black people who wanted to help their fellow black people in South Africa. It is a charity that is dedicated to helping black people in South Africa.

No 1259: Alex Bunyan v Frank Crowl, Sydney 1984. A game



with a dramatic outcome which caused a stir at the time. Both kings are in danger, so how should Black (to play) continue?

Solution, Back Page

Leonard Barden

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PERSPECTIVES



Ethics Today

The fine line between killing and culling

Euthanasia is sometimes justifiable, sometimes not. We should let trusted doctors quietly do it, says Joe Rogaly

Mercy killing is becoming merciful. What was once left to the discretion of sympathetic doctors is trumpeted as a right. The assumption that physicians should do everything possible to prolong life is questioned. In certain circumstances they might be expected to hasten a patient's demise. The next step can only be to bring what Americans call "assisted suicide" within the law.

It makes no difference whether this happens next year or a decade from now. The medical practitioners of the 21st century will offer death as a consumer choice. The popular mood, reflected in newspapers and the electronic media, is propelling us in that direction. What was for-

merly left unsaid is now shouted out loud. Last Sunday, Jack Kevorkian, was shown on American television putting an end to the life of Thomas Youk. The short film, which was aired on the CBS Sunday evening documentary programme *60 Minutes*, was clearly regarded by Dr Kevorkian as a boost to his campaign to legalise euthanasia.

It was. The doctor has been charged with first-degree murder. He must be delighted. We are in for a globally televised public debate. Snuffing out lives comes second only to sex as a guaranteed booster of ratings. The outcome is not in doubt: two steps forward for the arguments so eloquently propounded by the right-to-death brigade.

It is true that Mr Youk, a suf-

ferer from a degenerative nerve illness, twice signed a letter of authorisation and repeatedly nodded his assent to the procedure. If his condition was, as depicted, incurable, it would have been cruel to deny him his evident wish.

He or his family might even have wanted to allow a TV show to be made of it. If so, it was open to CBS to let the opportunity pass it by. That would have been a superhuman act of self-denial. A Dutch euthanasia film, "Death on Request", was shown on ABC's *Primetime Live* four years ago. But one lapse of taste does not justify another.

Why, you may ask, are we so fastidious? Many of us accept the medical tradition of not striving to keep alive elderly patients in terminal agonies. We acquiesce

in double-doses of painkillers, which we know to be lethal. A deadly injection of heroin can be a kindness. That is as far as some of us are inclined to go.

For contemporary opinion is altogether too relaxed about the sanctity of life. Once Japanese peasants carried old widows to the mountainside. We have read of sporadic "granny dumping" in the US. This line of thinking is of a piece with abortion as contraception or the bottling of women's eggs against the day when it becomes convenient to have them fertilised.

Admittedly, few jurisdictions have formally legalised euthanasia. It is permitted in Oregon, Switzerland and, famously, the Netherlands. Accounts of the Dutch example vary. Some say doctors are pushing termination

of life as a matter of convenience; certainly many Hollanders have taken to carrying "not me, please" cards.

These stories are not reassuring. They speak of an erosion of trust in the medical profession. The database also tells of the example of the Northern Territory in Australia, where assisted suicide was - for a while - legal. Doubt has since been cast over some of the diagnoses which led patients to ask for their lives to be ended.

Undaunted, proponents of laws that would protect practitioners who assisted the suicides of terminally ill patients have popped up in the Belgian senate, the French ministry of health, and several US states. They do not always get their way. Voters in Michigan, the home of Dr Kevor-

kian, have decisively rejected such a proposition.

In the latter case, pro-life campaigners originally brought together to oppose abortion, worked mightily to defeat the suggested new law. The state's seven bishops wrote to every Roman Catholic household to advocate a negative vote. If Dr Kevorkian gets his euthanasia debate going he will have the religious right and the Catholic church arguing against legalisation. That would amount to a powerful opposition.

Those of us who belong to neither group can look at their arguments dispassionately. What the pro-life case boils down to is this: if you permit mercy killing you dull medical sensibilities, cheapen life, put pressure on elderly and confused patients,

tempt relatives to agree to the "easy" choice, perhaps even lay the groundwork for the culling of geriatrics.

The pro-lifers derive their argument from their experience of legalised abortion. What started as something designed to treat women whose health was threatened by their pregnancies became widespread, a matter of personal choice. They have a point, do they not? Possibly, but it has to be set against the inhumanity of "letting nature take its course" in every case.

My own position is that every case is special. Sometimes hastening death is justifiable, sometimes not. We should let trusted doctors quietly do it, as they always have, but keep the law out of it.

Joe Rogaly is a FT columnist

Lunch with the FT

Economist capable of amazing grace

Amartya Sen, Nobel laureate and the only Indian to head an Oxbridge college, talks to Edward Luce

Amartha Sen is more than just a Nobel prizewinner. As master of Trinity College, possibly the grandest of Cambridge's colleges, the recipient of the 1998 economics award is the only Indian to have presided over an Oxbridge institution.

The professor, a wiry 65-year-old with a face somehow naturally belonging to an academic, downplayed the grandeur of the Nobel award. "Oh, it's all a bit of a lottery," he said as he took tea through a passage connecting the Master's Lodge to the college dining hall.

"Every year there are rumours. Besides," he said, as we strolled into the Tudor hall, "we already have four Nobel prizewinners still at Trinity."

Add to that the 31 winners among the alumni the college has to its name and it all seems rather mundane - like getting another A grade for an essay or opening the batting for Cambridge.

But in a different context, Sen, who steered me gently towards the buffet next to the High Table, is only the fourth Indian to win the prize.

We both chose the soup and I asked Sen about the evening meal, which, in keeping with most Oxbridge colleges, still insists on towns and grace before the meal. As a non-Christian, did it bother him having to recite a Latin benediction every evening? "Oh not at all, I get through it pretty quickly," Sen said.

One of our dining companions looked amused: "He gets through it in about a minute. His predecessors took about two."

Sen had been an undergraduate at Trinity in the early 1950s and divided most of the intervening period between Delhi, Oxford and Harvard, from where he returned to Cambridge last year.

I asked him how much it had changed. The professor thought for a moment: "Nothing dramatic has changed," he said. "I suppose the food's better and, of course, we have women now." I dread to think what the food was like back then. We moved on to the main course. Mine consisted of pork in a glistening sauce. Sen wisely stuck to the vegetables.

I wanted to know what he thought of the reaction to his receipt of the Nobel prize last month. The award came shortly after the near-bankruptcy of Long-Term Capital Management, the hedge fund based in Connecticut. Although the fund was kept afloat by a \$3.5bn bailout from its creditors, it drew opprobrium for having a market exposure more than 50 times the size of its equity base.

More pertinently, though, the fund had appointed Robert Merton and Myron Scholes, two former Nobel economics laureates to its board, both distinguished in the measurement of financial risk.

Publications such as *Le Monde* and *Newsweek* interpreted Sen's award as a slap in the face for the more arcane branches of modern economics. After all, only those steeped in algebra can decipher most of what Scholes and Merton have to say.

Sen, by contrast, has been portrayed as a humanitarian economist, much of whose work has been devoted to the economics of poverty and famine. Sen's face



Amartya Sen: angered by the charge that he is the 'Mother Teresa of Economics', but his writing on poverty has inspired a new United Nations measurement of development

Jason Owen

dropped at the implied slur on his mathematical abilities. "Well, as president of the Econometrics Society 10 years ago I think I can hold my own in mathematics," he said.

Later on, after a 90-minute discussion in the Master's living room, Sen presented me with a number of recent papers he had written, including two containing sufficient algebra to sink a mathematician's faculty.

I took the point. Sen had clearly been ruffled by one-sided accounts of his academic achievements. "One publication - I won't say which - actually called me the 'Mother Teresa of Economics'," he said. "Very few people actually read the statement from the Nobel committee, the first three-quarters of which talks about my work on social choice theory."

Nevertheless, Sen's most eye-catching and accessible work is about the measurement of pov-

erty. Sen's writing on the subject actually inspired the United Nations to introduce a new measurement of development, from one based on a crude division of population by national income (per capita GDP) to one based on non-monetary indicators such as

life expectancy, literacy and infant mortality rates. It produces startlingly different results. Countries such as Vietnam and Sri Lanka do rather well under the Sen-inspired approach, while places like

Mexico and South Africa drop sharply down the league.

In addition, Sen is widely known for having championed the Indian state of Kerala. Unlike much of the rest of the country, it has achieved a high literacy rate in part, he contends, because it has taken the trouble to educate girls as thoroughly as boys. We moved on to dessert and unrelated topics.

The professor became quite animated about the roots of words, notably those derived from Sanskrit and Pali, which have been incorporated into the English language. I told him that my wife, who, like Sen, is Indian, could cite dozens of Indian words used in everyday English - chutney, juggernaut, bungalow and verandah.

"Dozens?" he said. "I could reel off 2,000." He started on a few but stopped at "punch", the inimitably English cocktail which apparently derives from a Sanskrit

word meaning "five", presumably because there are five ingredients.

This being a relatively hallowed setting, the conversation also touched on religion. Although from a Hindu background, Sen disavowed any predilection for spiritualism. Indeed, one of the papers Sen later gave me was called "Interpreting India's Past", much of which criticised the tendency of some Indian academics to overplay the country's spiritualist past and dismiss science as a "western" concept.

Nevertheless, not all religion was bad. "I have to say that Christianity's great redeeming feature is its approach to alcohol," he said.

It was time, however, to take our coffee and transfer to the Master's sumptuous quarters for a more formal interview. Overlooking Trinity's vast court, the rooms boast some impressive por-

traits of leading Trinity alumni, such as Sir Isaac Newton.

Sen spoke in some detail about his life's work, emphasising the link between liberty and the prevention of famine and on the importance of establishing a balance between the rights of the individual and the social group. Sen discussed an enormous range of economic subjects.

His views on the recent financial crisis in Asia, however, were surprisingly orthodox. He might have been expected to blame the turmoil on the financial markets. Instead, he said: "I would not blame the crisis on free capital flows. The problems were mostly with the way that countries like [South] Korea were run."

Sen accompanied me down to the quad to say goodbye. This courteous economist was clearly no Mother Teresa, I mused. But then, it was impossible to imagine him joining the board of an American hedge fund either.

Goodbye Sam, hello Mbhazima

Black South Africans are dumping their 'white' Christian names, says Victor Mallet

Rolihlahla and Mphahlele are two of South Africa's most famous sons, but few know who they are. Say Nelson and Desmond, and everyone knows you are talking about President Mandela and Archbishop Tutu.

Mandela's well-known first name, however, had nothing to do with him or his parents. It was decreed by his teacher Miss Mdingane on his first day at school. "Why she bestowed this particular name on me I have no idea," Mandela wrote with a hint of sarcasm in his autobiography. "Perhaps it had something to do with the great British sea captain Lord Nelson, but that would be only a guess."

Today Mandela is 80. Britain has abandoned its African colonies, apartheid is dead - and dumping their "white" or "school" names in ever-increasing numbers. Out go Clarence, Alfred, Harrington, Winifred, Wiseman, Goodwill, Justice and

Innocence, as well as Afrikaans names such as Johannes and Hendrik. In come Bonginkosi, Sipho, Nomzamo and Oluwatu.

The change is a sign that black South Africans are reasserting themselves culturally and politically four years after the end of white minority rule. There are practical reasons as well. Many people used their "white" names only when taking orders from white officials or employers (who were often unable or unwilling to pronounce words in Zulu or Sotho). They no longer want to lead a confusing double life.

Sam Shilowa - as the head of the powerful Congress of South African Trade Unions has long been known - recently dropped the Sam and started using his African name Mbhazima. "That's what my mum has always called me and I just came to the conclusion that I didn't have to respond to two names," he says.

Archbishop Ndungane, who replaced Tutu as head

of the Anglican Church, has dumped his first name Winston in favour of Njongonkulu, even though at one religious service a lay preacher mispronounced it so badly the congregation ended up praying for Jonah Lomu, the New Zealand rugby player, instead of their own archbishop. "Some of the English names were given to us to make life easier for missionaries," he recalls.

Ndungane points to another reason for reverting to African names: most have a meaning, whereas English Christian names are usually devoid of sense, especially to Africans born into another culture.

Njongonkulu, for example, means "big aim" or "big vision". Mandela's Xhosa name Rolihlahla means "pulling the branch of a tree", which can be loosely translated as "trouble-maker".

South Africans are not the first people to revert to the old African names or reject new ones imported by missionaries and colonial

bureaucrats. More than 25 years ago, the late dictator Joseph Desiré Mobutu changed his country's name from Congo to Zaire, ordered Christian names to be replaced with indigenous ones, and adopted the glorious appellation Mobutu Sese Seko Kuku Ngbendu wa za Banga - or "the all-powerful warrior who goes from conquest to conquest leaving fire in his wake".

Across the continent, ordinary people Africanised their names as well. In 1985, Douglas Given Mseteka, a Zambian journalist, had a six-month battle with the courts and the government bureaucracy in Lusaka to win the rights to his African name Buchiya.

"I said, to hell with this Douglas," says Mseteka, who now lives in Johannesburg. "In the 1960s, you could not be baptised in a church without a Christian name. But my mother always called me Buchi. Douglas meant nothing, whereas Buchiya is evocative: in the Tumbuka language of eastern Zambia, it means 'the only one' or 'the unexpected' - he has nine sisters."

In South Africa, the use of traditional instead of "white" names has accelerated since Mandela became president in 1994. "It comes with black consciousness and therefore gained momentum in the 1980s and really took off in the 1990s," says Vivian de Klerk, professor of linguistics at Rhodes University in Grahamstown.

A few South Africans, of course, are heading in the opposite direction. Computer science student Jackie Khumalo is going with the flow by ditching Jackie and using his African name Sipho (gift); yet his aunt is so embarrassed by her African name Mbimbi (loosely translated as "cutie-pie") she has chosen to be called Lucky on her new identity document.

Africanisation of names, furthermore, appears to be an urban phenomenon that has yet to spread to conservative villages in the countryside, according to the research conducted by De Klerk in the Eastern Cape.

Newspaper columnist Bafana Khumalo (no relation of Jackie) agrees. "I think now it's more of a trend among media personalities, people who are in the public eye," says Khumalo, who recently wrote a tongue-in-cheek article about how he was reverting to his Christian name Patrick after the poor World Cup performance of the South African football team. "What I wonder is how many of them sign their cheques with their new names."

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PERSPECTIVES

From the weigh-in, the two evenly matched middleweights promised a close contest. Both had long muscular legs and stubby forearms. And both tipped the tiny scales at exactly 450mg - a little less than the weight of a paper-clip.

To the untrained eye, it is difficult to tell a couple of crickets apart. But to Gu Weishen, a middle manager at a small Shanghai business and a passionate cricket-fancier, there was little doubt that "Red Teeth", the contender from northern China, would defeat "White Teeth", his Yangtze valley opponent.

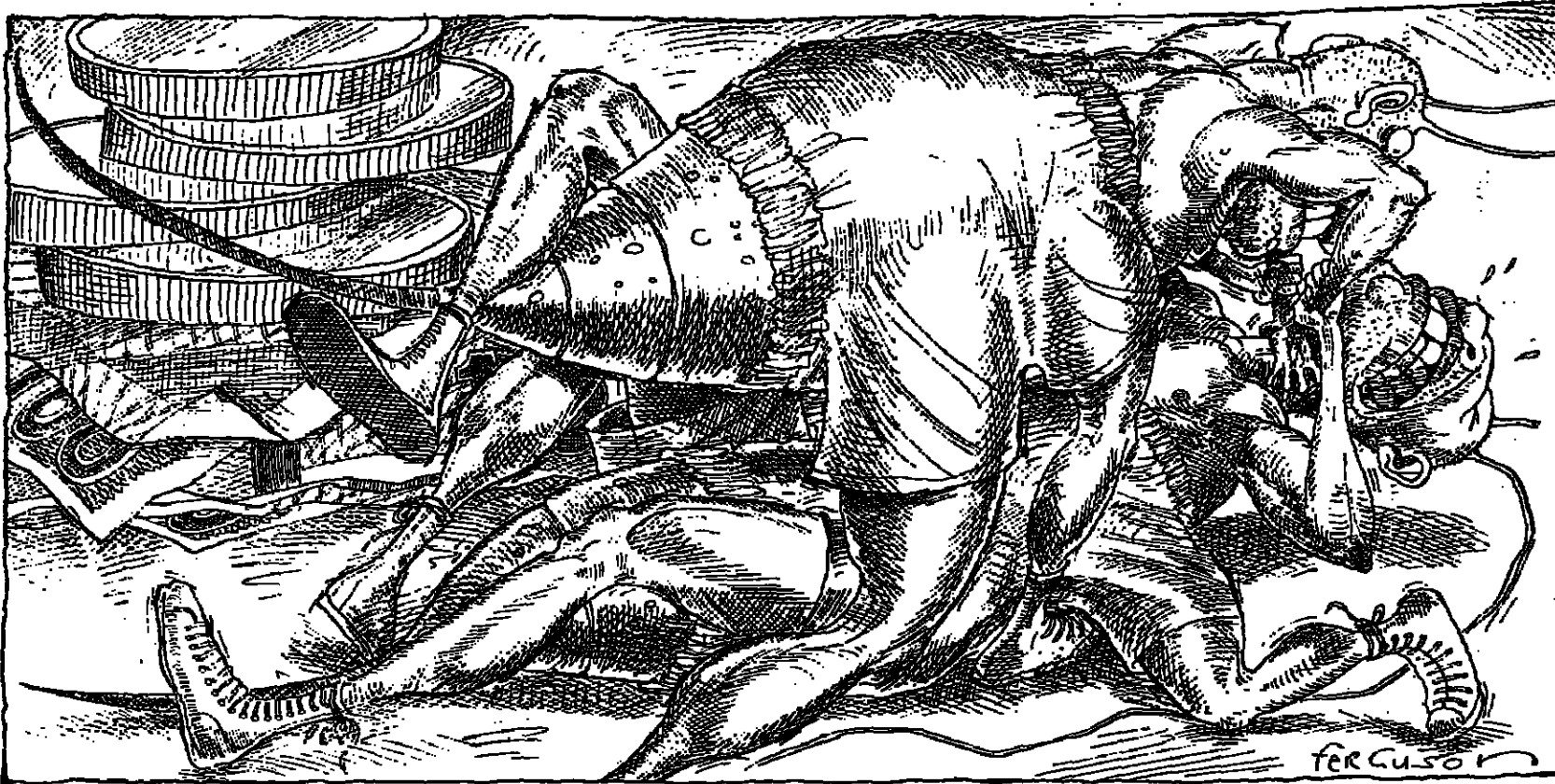
"You have to look very closely," said Gu, peering into the small grey clay pot that serves as a cricket's hutch. "Check for a big head, a wide neck, a long body, a thin tail, thick legs and big front teeth - straight, not bucked or played." These attributes seemed to be common to both crickets, not to mention the hundreds of other chirping grasshoppers that had come to take each other apart at the annual gathering of Chinese cricket fans - the de facto national cricket championships held this year in Suzhou, the picturesque garden city just an hour outside Shanghai.

Gu is one of millions of Chinese (overwhelmingly male) who raise crickets (all male) for combat. Cricket-fighting may not have made its mark on the world in the same way as other Chinese sports such as kung fu and chess. Nor is it the most refined or rewarding employment for field insects in China, where people have had a long tradition of keeping cicadas, katydids and even locusts in bamboo cages to listen to their song. But, for a couple of months each autumn when the animals are in season, cricket-fighting makes its claim to being the people's pastime.

Male crickets are instinctively aggressive. Put a couple in a confined space, tickle their whiskers just to make them more irritable, and there is bound to be a scrap. The Chinese eye for a bet has turned this quirk of nature into a sport.

Two insects as big as your thumbnail, circling, squaring off for attack and then kicking, biting and wrestling until one or other is defeated and skulls off into the corner of a palm-size wooden box makes for surprisingly exciting viewing.

But cricket fans do not traipse through the fields of China to find the best-buffed bugs, tend them lovingly for months and send them into the ring for entertainment alone. "People here will



The Shanghai cricket season

James Harding looks at the insects' instinct for aggression and the Chinese instinct for gambling

bet on anything," said Yu, a Shanghai man, whose interests include heavy metal music, football and crickets. "Crickets are good for gambling."

Gambling in China is illegal - a piece of communist legislation that sits about as well on the local culture as a ban on dancing would go down in Brazil. People still bet on cards and mah-jong regardless of the country's puritan lawmakers, but there is no organised gambling on horse races and no bookmakers to take bets on football scores or boxing matches. In their absence, cricket-fighting is the most popular "live event" for Chinese punters.

Children playing in the alleyways of old Shanghai pick up crickets, rattle them in their fists and force them to fight in a kitchen bowl, all for pennies. Beneath the railway bridge in the centre of the city, there are often groups of people huddled over a small box, betting on a pair of crickets.

"There are different levels of competition, you see," Yu said, having attended the national championships in Suzhou and

plainly not impressed by the forced gentility of the amateur game. "There is the national level, the city level and the neighbourhood or village level."

Village cricket, he suggested, was the place to find the best and worst of the sport: "Those fights are the most exciting."

The big money bouts, though, are held in homes or the private rooms at the back of restaurants, where the sums can be high - Yu said that in his circle of cricket-fighting friends, it is common for people to put as much as \$1,200 (\$700) on the table, roughly the annual average wage in the city.

For even higher stakes, there are organised rackets. In October, police swooped on one illegal cricket gambling ring operating on the outskirts of Shanghai. The fights were being held on the top of a building and in the commotion caused by the sudden raid, two people died after jumping from the roof in an effort to escape. The police confiscated about \$150,000 and found people who had laid bets of more than \$10,000 a fight.

The Shanghai authorities

plainly do not want cricket-fighting to return to the mafia-run business it was in Shanghai's raucous days before the Communists took power in 1949. But trade in crickets is permitted.

From late summer, when the crickets are ripe for catching, until early November, when most

Big money bouts are held in homes or private rooms in restaurants

of them are long past their best, the cricket business is a serious street industry. At the Bird and Flower Market in central Shanghai, crickets sell for anywhere between \$1 and \$100 - the price of two new bicycles. For real pedigree fighters, it is best to tap private channels. The finest crickets, typically from the province of Shandong up the

coast from Shanghai, may cost as much as \$1,000.

Back at the national championships, Gu would have you believe that cricket-fighting was a sport about honour and reputation, not money.

Teams of amateur cricket-fanciers had come from across the country to compete for the Tiger Mountain Cup, the winning team's trophy, and there were bits and pieces of crickets paraphernalia for the runners up. (Like all good sports, there is plenty of essential gear: frayed bamboo whisker-ticklers, cotton-wool cricket prods, ivory-inlay mahogany wrestling rings and blue-and-white porcelain water bowls are good birthday gifts for the Chinese cricket enthusiast.)

"Crickets for me are a hobby. Sure, there are gamblers who like to bet big money. But, the real players do it for fun," said Gu.

Like most other committed cricket-fanciers, he has developed a sophisticated regime for nurturing winners that involves a strict grain diet, limited encounters with crickets of the opposite sex and confinement in a warm, dark

environment that fosters muscle growth. "Of course, everyone has their own special trick, a particular technique, but that is secret," he adds.

The championships were billed as the "All-China Friendship Competition", but the mood was anything but amateur. The weigh-in, which involved ushering crickets into finger-sized paper tubes and dangling them from a cotton string on scales that were small enough to measure feathers, was run by a local mid-level official, who called out the weight division like a man issuing parking tickets. Fighters were matched by weight - from lightweight at 400mg to heavyweights at 650mg.

Next door, where the organisers had rigged up four big television screens to allow spectators to watch the bouts on a closed-circuit link-up, several hundred men sat quietly in rows. Mostly, they wore slip-on shoes, thin gauze pop-socks, baggy pastel slacks and sports shirts.

At the front, there were seats for VIPs - including Yang Pin, head of the plastic products

department at a Shanghai retail chain and a respected cricket trainer, and Huang Jinru, vice-director of the local garden administration bureau and one of the chief organisers of this year's championships. There was one woman in the room, but it was not clear whether she had come to watch or wash up the tea cups and clean away cigarette butts.

Despite this crowd of middle-class, middle-ranking, middle-aged Chinese men, Huang was keen to stress the sport's proletarian appeal.

"When China was at a feudal stage of development, cricket-fighting was not so much a pastime for ordinary people. It was the hobby of landlords and nobles, who had time on their hands," said Huang, giving a rough recap of centuries of Chinese cricket-fighting couched in the vocabulary of the party. "But after the founding of the New China [the Communist revolution of 1949] and especially after the start of the reform and opening up [the liberalisation process started by Deng Xiaoping in late 1978], the Chinese worker has more money and took up cricket-fighting again."

Huang offers a slightly jumbled account of the sport's complicated history. Crickets were the playthings of the upper classes in imperial times and, then, before 1949, cricket-fighting was linked with gambling rings and organised crime. These associations with aristocracy and vice meant that in the 1950s and 1960s, cricket-fighting was all but suffocated by Maoist austerity. But, in one sense, Huang is right: with greater prosperity and social freedom, cricket-fighting has made a comeback.

For White Teeth, a comeback is unfortunately out of the question. From the moment when the barrier that separates the two halves of the cricket-fighting bag was lifted and the bout began, Red Teeth exuded confidence.

He pounced on White Teeth, sinking his teeth into the neck and shoulder, and then used his strong legs to throw him on to his back. Within half a minute the fight was over and Red Teeth "screamed" his victory, rubbing his wings together in a high-pitched display that showed he was eager to fight on. The wounded White Teeth slunk off to the corner of the box, a signal he had had enough.

White Teeth, most likely, will never fight again. "Crickets have a memory and after they have been defeated they lose their courage," Gu explained. "Once a cricket has lost, it is not really good for anything."

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'Alien hands' draw out delusions of free will

Raj Persaud on our (illusory) feeling of being in charge of our bodies

Neurologists at Harvard Medical School have just reported a case of an elderly woman admitted to hospital complaining that her left hand was acting as if under someone else's control. It hit her face and head, so she explained she was afraid of it.

She held her left hand with the right, claiming to keep "him" from hitting her, and said her "left hand tried to strangle her".

The diagnosis turned out to be the extremely rare "alien hand syndrome", first reported in 1908 with only a mere handful of cases documented worldwide since. The sufferer believes his limb has a mind of its own because he has sustained a lesion, like a stroke or brain tumour, to the corpus callosum - the central part of the brain which joins the two cerebral hemispheres.

In this case, the cause turned out to be a stroke as a result of a blood clot there, and her symptoms resolved themselves over a few days as her brain recovered its functions.

How could anyone come to believe a limb was no longer "his" or "her" own?

It could be that as the corpus callosum connects the two cerebral hemispheres, activity in one part of the brain might not reach the awareness of another if the two hemispheres become disconnected.

In the first case ever reported, a 57-year-old woman felt her left hand had a will of its own, and at one point it grabbed her throat and choked her. It took great strength from her other hand to pull it off.

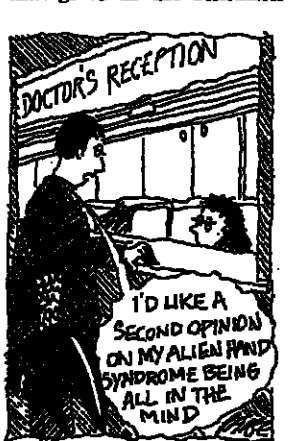
Another victim's left hand would even grasp her throat during sleep, so she slept with the arm tied to prevent nocturnal mischief.

But alien hand syndrome might have significance beyond being a neurological curiosity - philosophers and brain scientists have converged on the syndrome as potentially revealing where "free will" is located in the brain.

What the disorder indi-

cates is that our experience of being in charge of our bodies, and so initiating all personal action, has a neurological basis. In other words, while the brain is the seat of all our actions and experiences, there is also a part of our nervous system which is responsible for our belief that we have free will over our behaviour.

Sufferers from alien hand syndrome feel they are no longer in control of a limb because the part of the brain that gives us the sensation



of control over our bodies has been damaged. When that happens, our limbs appear to act independently of us.

But if there is a part of the brain designed to make us believe we are in control of our limbs, does the very fact that such a system has to exist mean we are not really in charge of our bodies?

Research conducted in the 1980s found that the types of brainwave change that characteristically precede all limb movements, actually occur several hundred milliseconds before we appear to decide to move a limb. If our conscious decision to act is preceded by brain changes that anticipate action, then our "decision" to choose how to behave or "freedom", as in free will, is in fact illusory. Our choices have, in a sense, been decided before-hand by our brains.

The implications of this view of the link between brain and consciousness are revolutionary, not least in

introducing a new defence for criminal lawyers. How confident are the neurologists of this new perspective?

Sean Spence, a research fellow in brain scanning at Hammersmith Hospital, in west London, argues in a recent paper published in the journal *Philosophy, Psychology and Psychiatry*, that whether we have free will has to be reconsidered in the light of alien hand syndrome.

He suggests that this position is supported by a famous experiment conducted in the 1960s when neurosurgeons had electrodes implanted in the parts of their brains that initiate limb actions. They were instructed to look at slides on a carousel and to advance the shutter by pushing a control button.

In fact, the button did not control the shutter and the slides were advanced by an amplified signal originating from the electrodes in the subjects' own brains (as they prepared to press the button).

The patients were apparently astounded by the effect. It seemed to them the projector was anticipating their decisions. What was really happening was a concrete demonstration that our brain appears to know what we are going to do next, before we ourselves become consciously aware of our decision.

It seems most of us share the useful delusion that we have free will. But patients with alien hand syndrome have lost this experience in relation to a particular limb. They experience becoming mere remote spectators to the actions of their bodies. Yet this may be closer to the reality of our role in initiating action than the expertises of the rest of us.

Defenders of human "free will" argue that what happens before the brain itself decides to act is still unknown, and there may be a role for our own autonomy there. But even these free-will guardians concede that neurological research indicates that whatever happens

before the brain is roused must occur below our conscious awareness.

But why do alien hand syndrome patients believe their hand has hostile intentions towards them? There is a suggestion that if we lose our sense of control over our bodies, our minds still need an explanation for the source of control of our movements. We decide that if we are not in control, then someone or something else must be - therefore we no longer have a sense of the limb belonging to us.

As losing control over our bodies is one of the most terrifying experiences, this explanation is reached in the context of fear. It could be that apprehension leads victims to misinterpret innocent reflexive acts of the hand, such as scratching or rubbing, as malevolent.

It might also be that the victim's interpretation of spiteful possession in turn "controls" the hand - only this is beyond our conscious awareness.

Perhaps we need to believe in our own free will and control over our acts, because if we didn't, we would be terrified by the experience of our bodies seeming to act of their own accord.

So it seems the only way we know our limbs belong to us is because they obey us. When they appear to stop responding to our wills, we conclude that our limbs are no longer our own, and try to fend them off.

It would appear that one of the prices we had to pay for conscious awareness of ourselves to evolve as a function of the brain, is the delusion that we are responsible for all our actions. If we had conscious awareness of ourselves, but no sense of free will, our bodies would feel alien to us.

After all, think what your hand is doing right now. Did you consciously put it there? ■ Dr Raj Persaud is a consultant psychiatrist at Maudsley Hospital and author of *Staying Sane: How To Make Your Mind Work For You*, published by Metro at £12.99.

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BOOKS

Tall tales and vivid pictures to stir young imaginations

Victoria Griffiths picks out the best children's books published in the US this year

While 15,000 English language children's books are published every year, only a few are truly worth reading. Thanks to a much-improved printing process and fierce competition among talented artists, the illustrations have never been better. Unfortunately, the quality of the story telling has failed to keep pace. The result, too often, is books that look gorgeous but in practice hold little appeal for little ones.

The lush, 19th century style romantic oil paintings of *Pegasus* (Morrow Junior Books, \$16.00), for example, are undermined by an overly stilted text. Likewise, the folk art paintings of *This Land is Your Land* (Little Brown, \$15.95) - which celebrates a ballad by American songwriter Woody Guthrie - are wonderfully detailed, but the generally upbeat message seems unnecessarily punctured by the inclusion of long-forgotten Guthrie verses about hunger and the Great Depression.

Chris Raschka, one of the most talented children's book illustrators around, is also ill-served by directionless narratives that will probably fail to captivate young readers. In his 1998 book, *Arlene Sardine* (Orchard Books, \$15.95), cheerful pictures of swimming fish seem ill-matched with an essentially sad story about how a sardine is caught and put in a can so that we can eat her.

Another 1998 Raschka publication, *Simple Gifts* (Henry Holt, \$15.95) is probably one of the best illustrated books of the year, but ultimately seems too abstract and static to hold children's interest. Still, there are many treasures among the 1998 children's books manage to combine fabulous illustrations with witty and moving prose and poetry. Others - such as *Look-Alikes* (Little Brown & Co, \$12.95), by Joan Steiner - are so visually captivating for all age groups that the narrative is almost beside the point.

One pleasant surprise is the ability of Anthony Browne - the great surrealist illustrator of the *Willy* series - to craft interesting text to go along with his thought-provoking paintings, as he has done in *Voices in the Park* (DK Ink, reviewed in October, by Jackie Wollschlaeger to coincide with UK publication by Doubleday).

My top 10 picks of the year are:

- *A Bad Case of Stripes* by David Shannon. Camilla Cream, a little girl who's always worried about what others think of her, wakes up one morning to find herself covered with stripes. Things rapidly go down hill from there. She is so susceptible to suggestion that when the doctor suggests a virus might be to blame, little virus balls pop out of her body. Recovery comes when she learns to be true to herself and disregard the opinions of others. The illustrations and the late, great Ted Geisel before he died, might seem like a very bad idea - the act of a desperate publisher trying to milk one last best-seller out of the most successful children's book author of all time. Yet post-Jack Prelutsky and illustrator Lane Smith manage to pull it off with aplomb, and have infused the new version with fully as much charm as the old Seuss yarns.

Using bits of Geisel's text, and drawings incorporating collages from Seuss classics, this creative team manages to pay Geisel his due without following him too religiously. That's a fitting approach for the story line, which is a celebration of free thinking. Students at the Diffendooler School, asked to take an examination to prevent their transfer to dreary Flobbertown, rise to the occasion and get the best scores on the test. The poetry is wonderfully playful. An example: *Of all the teachers in our school I like Miss Bonkers best / Our teachers are all different / But she's different than the rest.* (Alfred Knopf, \$17.00. Ages 4-8).

■ *Look-Alikes* by Joan Steiner. Such visual richness as this takes time to produce. Steiner says she spent three and a half years on this book about a town where everything looks like something else. The exceedingly original illustrations are actually photographs of three-dimensional scenes Steiner painstakingly built out of pennies, batteries, peanuts and other day-to-day objects. Children, and adults, will love figuring out what the objects are really made of. *Look-Alikes* is a treasure trove of visual delights, playing cards, a tin ceiling, gloves, a sofa, and pistachio nuts, flowers. (Little Brown \$12.95. Ages 4-9).

■ *Polkahats and Octopus Socks* by Cate Brown. This collection of poems is reminiscent of the 1950s "beat" era. Wacky characters fill the pages, like a funky snowman that dances to a disco beat, an octopus who wears bell bottoms, and a surfer dude who is stuck in the desert. The title poem begins: *The Polkahats are on the loose / A flopping flock of flying furry / All the spotted bats are out / Except the ones on furry duty.* (Houghton Mifflin, \$15.00. Ages 4-9).

■ *Sitting Ducks* by Michael Bedard. This wacky tale begins with a mistake at a duck factory run by alligator labourers. One of the eggs falls off the conveyor belt, and a worker hides the errant duck in his lunch pail. When the alligator takes the duck home, their friendship blossoms. Children will appreciate the humour, and adult readers will appreciate the inside jokes, like the diner that's a take-off on a famous painting by Edward Hopper. The drawings, carefully shaded to give them a three-dimensional look are just right. (Putnam & Grosset, \$16.00. Ages 5-8).

■ *Snow* by Uri Shulevitz. A little boy's joyful anticipation of snowfall - despite the scepticism of weather-forecasters and other grown-ups - is the topic of this tale. While the text is simple, its message - that adults can fail to see the truth and

beauty around them - is moving. The simple language should hold special appeal for the very young and beginner readers. The drawings are charming water colour and ink fantasies of an ancient-looking town. (Farrar Straus, \$16.00. Ages 2-5, older for reading alone).

■ *The Wild Boy* by Mordecai Gerstein. Two centuries ago, a wild boy was found in the countryside of France. While he never learned to speak, Victor, as he was called, did manage to form strong attachments to the people who took care of him. This book tells Victor's story. The narrative reminds us that when people have physical or mental limitations, even small accomplishments can seem like

miracles, and the ability to love is the greatest accomplishment of all. The controlled freneticism of the illustrations fit perfectly with the tale. (Farrar, Straus and Giroux, \$16.00. Ages 5-8).

■ *Voices in the Park* by Anthony Browne. Browne tells of a simple visit to the park from four very different points of view. The characters are Browne's signature ape-humans, like the ones that graced his *Willy* series.

The first "voice" is that of a snobbish, uptight mother who seems to care more about her pet Labrador dog than her son, Charles. Repressed Charles provides the second voice, and the third and fourth are those of a poor father and his daughter, who meets and plays with Charles. Browne's illustrations are, as always, playfully surreal. (DK Ink, \$15.95. Ages 4-9).

Also good:

- *The Secret Knowledge of Grown-Ups* by David Wisniewski. The truth about the stories grown-ups tell is revealed in this book illustrated with bright collages. Why drink plenty of milk? To stop our atomic cows from exploding. (William Morrow, \$16.00. Ages 6-11).
- *Tortillas and Lullabies* by Lynn Reiser. A superb collection of colourful paintings by Central American artists enliven this book about love being passed down through the generations. (Greenwillow Books, \$16.00. Ages 5-7).



A blend of realism, fantasy and the downright scary: Camilla Cream in 'A Bad Case of Stripes' by David Shannon

Poisoned pen kills all affection

Jeremy Gavron on a bewildering kiss-and-tell account of a literary friendship

This is a fascinating, hilarious, disturbing and perplexing book. It is an account of one of the most notable literary friendships of our times and Paul Theroux has compared, if not likened, it to Boswell on Johnson and Ford Madox Ford on Conrad. But those books were written in part as homages. Sir Vidia's *Shadow* was begun the moment 30 years of friendship between Theroux and V.S. Naipaul came to an end, and appears a mere 18 months later. It is certainly not emotion recollected in tranquillity.

This phrase might perhaps be applied to the early chapters. The two men met in 1966 when Naipaul arrived in Kampala on a visiting fellowship. For Theroux, a would-be writer of 24, this visitation was like manna falling from heaven. Naipaul at 33 was the acclaimed author of seven books and the title of this book by his former acolyte is a telling one. Theroux immediately fell under Naipaul's shadow. He gave his embryonic writing to Naipaul to read, and took his advice as literary gospel. He abandoned his own life to accompany Naipaul and interpret for him.

These African chapters take up almost a third, and are the most satisfying part of the book. Theroux was clearly as startled by Naipaul's intolerance and fussiness as he was dazzled by

the older man's intellect and conviction, but he recounts all of this with clear affection and great humour. The Naipaul he portrays is impossible but wonderful. He dismisses expatriates as "inferiors" - but makes a great effort to comfort an elderly Belgian writer struggling to run a restaurant in Rwanda. He tells an African student that his essay is "hopeless. But you have lovely handwriting. Where did you learn to write like that?" At lunch with the American ambassador, a set of sugar tongs falls into the swimming pool and Naipaul asks for a swimming costume and dives in to recover the tongs before changing back into his clothes and returning to the table. "At that moment I saw him as a skinny child, diving off a splintery pier in Trinidad, in view of the anchored cruise ships. All his pomposity had fallen away and he had become graceful, a child of the islands."

It is genuinely tender images, but almost the last in the book. The two men remained friends and when Theroux came to England Naipaul introduced him to his publisher and got him



Theroux with Naipaul on an intense relationship which turned sour

work reviewing books. Naipaul even took Theroux on the propitious railway journey that made Theroux realise he "would gladly go anywhere on a train." In return, Theroux wrote a study of Naipaul, championed his cause around the world and rushed to his side when beckoned. But the friendship had been forged in particular

circumstances. Theroux became successful as a writer in his own right. He began to advise Naipaul. He even suggested a new start for *A Bend in the River*; though this did not improve it enough for him to cast a decisive vote for it as a Booker judge.

Theroux explains this decision with an impatient stridence that has by now become the mood of the book. Affection has given way to exasperation and the latter parts of the book are little short of character assassination. Naipaul never pays for lunch. Naipaul is grief-stricken when a bulldozer sits on his bed. Naipaul calls

women "bitches". Arabs "Mr Woggy". The Dutch "potato eaters". "I had admired his talent," Theroux writes. "After a while I admired nothing else. Finally I began to wonder about his talent, seriously to wonder." At this point I reached for Naipaul's own books to reassure myself of the wisdom and moderation and largeness of spirit they contain. Returning to Theroux's book I read: "It seemed cruelly ironic that Vidia's developing interest in stylish restaurants coincided with serious dental problems."

In *Sir Vidia's Shadow*, Theroux sources Naipaul himself for his unlikable approach to the book. "Don't

pretty," he quotes Naipaul on several occasions. "Tell the truth." But in this instance what is the truth? I don't doubt that most of what Theroux writes here is factually true. But is it the whole truth? The same story written in different ways can reveal different truths. How objective, for instance, is Theroux's version of Naipaul's curious "second marriage"?

This marriage, to which Theroux was not invited, certainly seems to have completed the souring of the two men's friendship. Not long afterwards, Theroux received a bookseller's catalogue listing for sale several of his books inscribed to Naipaul. Books he had given to Naipaul. Theroux fixed Naipaul. He wrote to him. He received no answer.

A year later Theroux was walking with his son through Kensington when he saw Naipaul coming towards them. Naipaul groaned audibly at the chance meeting and deflected Theroux's attempts to discuss his silence. "What do we do, then?" Theroux asked. "Take it on the chin and move on." Naipaul replied, scuttling away.

Theroux watched him go, and as he walked on, the idea for this book came into his mind. Theroux describes the sense of freedom he felt, the coming out from beneath Sir Vidia's shadow. But that is not how, for all its qual-

ties of writing and wit, this angry and at times bewildered book reads. At its beginning the two men's friendship had the intensity of a love affair - Theroux would run from his girlfriend to be at Naipaul's side - and *Sir Vidia's Shadow* is a kiss-and-tell. A highly superior kiss-and-tell, but a kiss-and-tell nonetheless, with all the flaws and prejudices to which that species of memoir inevitably succumbs.

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ARTS

Homage at last for an eccentric visionary

Gustave Moreau was always considered an idiosyncratic artist, but William Packer now considers his influence seminal

Gustave Moreau is one of the more idiosyncratic and contradictory of 19th century painters - which is to say that he is entirely typical. For, as we look back with an ever-longer critical perspective upon the period, the wider our view of it inevitably becomes. Old, convenient categories, the one succeeding another in the easy, linear flow of the modernist rationale, will no longer do. They overlap; they merge; they come round again. And all the time their interaction, mutual relevance and relative importance, in both general and individual terms, must be revised.

Their technical adventure is astonishing, the shifts of scale, texture, and purpose entirely modern in the freedoms they presume

With nothing is this more the case than Symbolism, as has been made clear by several recent important exhibitions around and about the subject - Burne-Jones: the post-Raphaelite connection (Birmingham); the later work of Delacroix: Romanticism (Paris and Philadelphia); Salvador Dalí: Surrealism (Liverpool); Van Gogh in relation to Millet: post-impressionism (Paris). Suddenly, what had seemed merely an intriguing, but minor and essentially literary diversion into the late-century decadence, has been revealed as central to the whole performance.

In Gustave Moreau we have the principal Symbolist of them all. There, so we supposed, was the reclusive and eccentric figure of his old age, his work as idiosyncratic as himself, willfully set apart, in a dream-world of his own, from the great current that was sweeping impressionism into Modernism. Yet in his last years he became the congenial teacher of Rouault, Marquet and the young Matisse. Here was no recluse.

His work, too, had remained very much in the public eye, sufficiently so for its formal influence to be generally and immediately apparent. We see it in the richly

encrusted surface decoration of Art Nouveau at the turn of the century, and in the work of the painters of the Vienna Secession, such as Gustav Klimt. Indeed his radical formal method - the flat imposition of decoration and consequent emphasis of the physical surface of the canvas; the near-abstract quality of the ground, with its surges and smearings - continued to work a powerful influence well into the next century, upon the frottage Surrealist landscapes of Max Ernst, for example, or the Abstract Expressionism of Jackson Pollock.

But Symbolism, even so, was always as much the creature of poetry and the Romantic poetic imagination as of paint and image. Even at the time, Moreau was seen in literary terms, and as a man apart. The symbolist writer and critic, J.K. Huysmans, writing in 1881 with Moreau at the height of his contemporary success, put it that he was, "an extraordinary artist, unique. He is a mystic shut up in the middle of Paris, in a cell where the din of modern life no longer reaches, for all that it beats furiously upon the doors of the cloister. Lost in rapture, he sees shining fairy visions, and the bloody apothecies of other ages."

Yet Huysmans still could not resist putting him in the wider context. "After having been haunted by Mantegna and da Vinci, whose disquieting princesses move through mysterious landscapes, blue and black, [he] is taken by the hieratic arts of India and by the two currents of Italian and Hindu art; spurred on too by Delacroix's fever for colour, he has evolved an art truly his own..." The Italian connection is well made, for he had gone to Italy in 1857 at the age of 31, and had stayed two years, travelling widely and immersing himself in the great Renaissance schools of Florence and Venice, and the classical inheritance of Rome and Naples. It was then, too, that he met the young Degas, still the aspirant history painter in Ingres shadow.

For Moreau, however, the Romanticism of Delacroix and of his friend, Chassériau, was the decisive influence. At the time, this was set in curiously complementary conflict with the neo-Classicism of his earliest studies. And while it remains important that we recognise the significance of Moreau to later artists of all kinds, it is perhaps in his relation to what went before that he is the more important. Here he is, the arch-Symbolist himself, with his Sphinxes and Salomés, his Orphees



Moreau was seen in literary terms, and as a man apart, 'Lost in rapture, seeing shining visions': 'Oedipus and the Sphinx'

and Galatées, his sirens and femmes-fatales, yet representing Symbolism itself as the extraordinary fusion it was, of the neo-Classical with the Romantic sensibilities.

In Moreau, therefore, despite all the obscurities and limitations his work presents, with so many false starts and so much unfinished, we have one of the pivotal figures in the more recent history of art. And, drawn in as we are by the stories of these "troubled" prin-

cesses" and "sanglantes apothéoses" of Huysmans' response, we cannot ignore these works as paintings; for they are, in their physical presence, very physical indeed. And the more we look into them, the more intriguing they are, and the more exciting and beautiful. Their technical adventure is at times astonishing, the mixture of the free and the painstaking always extraordinary, the shifts of scale, of texture, of graphic purpose, entirely modern in the pictorial freedoms they presume. A hundred years ago, Degas was among those who saw his old friend in his grave in Montmartre. He was no bad judge to have at one's side - and his judgment is vindicated by this fine centenary exhibition now in Paris.

Gustave Moreau 1826-1898: Grand Palais, Paris 8, until January 4; then on to The Art Institute, Chicago; and The Metropolitan Museum of Art, New York.

Television/Christopher Dunkley The partisan approach

Documentaries with attitude are not fashionable. In Britain, balance is still the thing, even though the wavelenght scarcity which produced the requirement for even handedness is now a part of history. Half a century of "on the one hand, on the other hand" have produced a feeling that it is not right for programme makers to have minds of their own. Yet programmes grounded in passionate conviction are usually more interesting and often more valuable than the neutral sort. Robert Louis Stevenson was on to something when he said that "You get more real truth out of one avowed partisan than out of a dozen of your sham impartialists - wolves in sheep's clothing - simpering honestly as they suppress documents".

Today's documentary in BBC2's *Storyville* slot is a case in point. Nobody could be in any doubt after watching *Waco: The Rules of Engagement*, that William Gazecki made it not with the intention of offering any kind of happy medium, but because he was sure that a wrong needed to be righted. The impression conveyed to the world from Waco, Texas, in 1993 was that a crowd of heavily armed religious extremists called Branch Davidian, led by a self-proclaimed messiah named David Koresh, was besieged, first by an inefficient outfit called the Bureau of Alcohol, Tobacco and Firearms (ATF) and then by the FBI, and that, after many weeks, the incident ended tragically when the members of the sect set fire to their own stronghold with 76 men, women and children dying in the flames. The notion conveyed to the world was that this was a second Jonestown, like that incident in 1978 when hundreds of followers of Jim Jones killed themselves after fleeing from San Francisco to Guyana.

Gazecki is convinced that the members of Branch Davidian, however odd, did not bring their deaths upon themselves: that the ATF wanted a dramatic success at a time when their budget was up for review; and, above all, that the FBI had repeatedly, opened fire first, prevented the mass media seeing what was happening, and eventually filled the cult's headquarters with CS gas and set fire to it, covering the exits with machine guns to ensure that as few as possible got out alive. Of course he may be wrong, but the evidence he marshals is enough to convince the most sceptical that, at

the very least, we have not been told the whole truth. This sort of journalism is immensely more difficult for television than for print: you have to have pictures or recordings, or people who will commit themselves on the record, on camera, whereas the print journalist can protect his sources and shield the shy from the public gaze. Sure enough, Gazecki finds a former member of a government department who will talk us through infra-red film which he says shows that the government's tanks did fire into the compound, though FBI spokesmen swear they didn't. He produces a recording in which an FBI spokesman first claims to Koresh that helicopters did not fire, and then, when Koresh treats this with derision, pretends that he meant the helicopters did not have platforms for mounted guns.

Gazecki shows photographs of used "military pyrotechnic devices" which could have started the fire. He brings out the fact that a videotape which would have shown that shots passed through the compound doors on the way in, not out, is now "missing", and that the door itself is - surprise, surprise - also "missing". This is a powerful piece of work, and it contains an appalling message about American society.

Tomorrow's Channel 4 documentary about another tragedy, this time with 270 dead, could hardly be more different. Mike Grigsby's *Lockerbie: A Night Remembered* mentions the supposed cause of the crash just once. This is a poignant, introspective programme, concerned with discovering how a disaster of this magnitude affects those who were intimately involved for reasons beyond their control: the surviving inhabitants of the town of Lockerbie. As ever, it is the mundane detail that strikes deepest. The farmer searching for survivors (there were none, of course) who sent off his dog to "find" and the dog returning with his tail between his legs, making the farmer realise "He'd found a person with no life in them". The three bottles of wine in a carrier bag which had fallen three miles out of the sky and landed undamaged on the hillside. The bodies of two girls, arms wrapped round one another, each with her fingers crossed.

It is quiet, powerful stuff which, in some ways, is just as appalling as the Gazecki programme.

Radio 4's *Hemlock and After* (its concluding episode repeated this evening) made rattling good listening, cracking entertainment. It evoked, with both a tear of nostalgia and a shudder of revulsion, that British post-war age when the Arts Council was still an Aladdin's cave awaiting plunder and when men of letters (as opposed to media pundits) still existed; but also when young men with hair-oil could be arrested in Leicester Square for requesting a light from a passer-by; a poisonously mean-mindedness, beneficence and equanimity. Angus Wilson's original novel recalls something of Muriel Spark. They share a mandarin fastidiousness of vision that, while not illiberal, in retrospect seems to keep the new classlessness (however skin-deep it was) suspiciously at bay. In place of the chirpy lower orders, the unwaveringly loyal, of the war years, there are now snobs and blackmailers, the worm in the bud, them as

Radio/Martin Hoyle Cosy, nasty, nostalgic

opposed to us. Now "they" are dangerous young men, spotty jobs with aspirations of their own rather than panthers worth feasting with, and monstrous women whose vulgarity is both comic and menacing - compare Georgina Hogg from Spark's *The Comforters* with *Hemlock's* Mrs Curry (wonderfully played by June Watson, simultaneously funny and threatening).

The resonances of a good novel were sounded by Chris Wallis' production and Michèle Wandor's adaptation, the latter faulted only for an anachronistic 1960s mention of "the gay scene" in its modern sense. You will look in vain in *Radio Times* for the cast, all the more disgraceful since a first-class company was led by Sir Derek Jacobi and Anna Massey, while Paul Rhys, an actor whose exquisitely mannered preciosity has often propelled me to the off but-

A Very British Friendship filled in, none too valuably, the gaps in Arthur Sullivan's relationship with Mrs Ronalds, a beautiful American socialite whose soprano voice made a speciality of "The Lost Chord". Pregnancy scares, sexual hieroglyphs in the diary, the threat of scandal: the local amateur *Mikado* will never be the same again.

The production kept starting snippets of the music only to fade it out under speech just as the main tune began, and kept giving us the baritone Clara Butt in "The Lost Chord", which evoked quite the

wrong mood. Given that the affair has always been common knowledge, this excessive T-crossing seemed unnecessary.

Is it any comfort, to him or us, to see Nigel Wrench's *Aids and Me* as a continuation of traditional British pluck and understatement applied to a disaster essentially of our time? Probably not. But there is nothing much else one can say except to marvel at the clear-eyed practicality with which the *Radio 4* reporter has come to terms with his condition. Nothing like facing the unthinkable for clarifying one's values. Wrench regards the supportively-spoiled red ribbon as fashion rather than solidarity. Last World Aids Day he danced all night rather than spend time at lugubriously worthy gatherings with politicians and earnest singers. He made the intriguing point that these campaigns were born when Aids victims died quickly. Today therapy protracts normal life; and now nobody quite knows "what to do with us".

Expanding from mere Englishness to Britishness, the BBC World Service Meridian produced a fascinating history of "Lilburlero", the march whose jaunty satiric strut allegedly chased James II out of three kingdoms. It is the World Service's tuning signal and, as one of the great Orange songs from the Glorious Revolution of 1688, has provoked wrath from some. One lady in Dublin, outraged at its "ethnic" overtones (Prod v Papist? Come now), suggested Cliff Richard's "Congratulations" as a more suitable turn-on (in all senses) for the world. Do the Irish now make English jokes? Perhaps humanity makes progress after all.

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ARTS

Jim Hendrix well remembered his Roundhouse gig: it was "haunted by an audience of ghosts." Thelma Holt, who ran the building in the late 1970s, almost became one: she was accosted in the bar by a gunman brandishing a loaded revolver.

George Stephenson's circular ironclad railway shunting shed in Camden Town, North London, has attracted genius and gremlins, fantasists and fakes throughout its history. Now it is on the brink of yet another reincarnation.

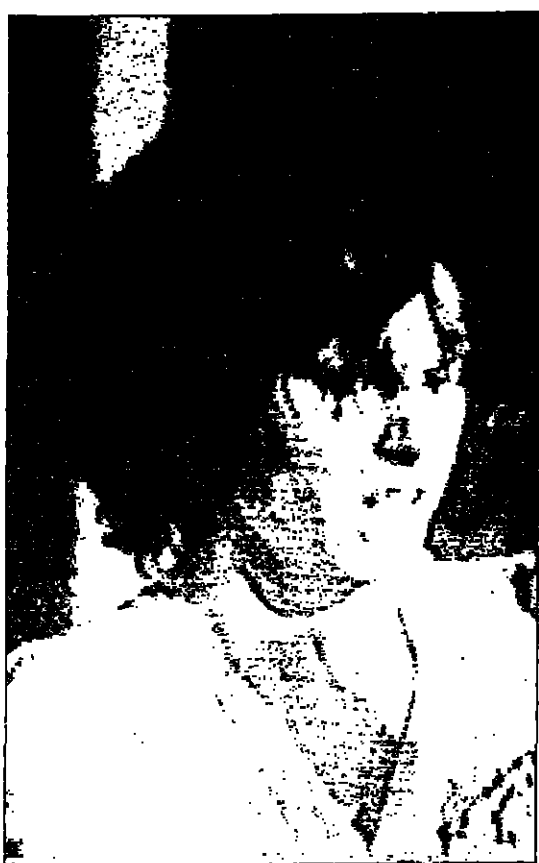
If all goes according to the plan of former toy tycoon, Torquil Norman, by 2002 it will be the Creative Centre, a solution to the blighted lives of inner city youth. By getting involved with workshops in everything from video recording to fashion, they will be guided towards a career in the government's great economic hope, the creative industries.

Whatever the changes inside, Norman, and his architect John McAslan, will be at pains to maintain the outside of Stephenson's listed building, a cathedral to the age of iron. But it is not just the exterior of the Roundhouse that exists on a ruin. It is what happens inside that has touched the imagination of generations of sensation seekers.

Its existence as an industrial workshop was short-lived. Only 20 years after it was built in 1946, the Roundhouse proved too small as an engine shed. For a century it idled away as a bonded warehouse for Gilbey's Gin. Then it was discovered by playwright Arnold Wesker, who inadvertently set in motion the two decades when the Roundhouse became the setting for most of the eye-popping and mind-blowing creative events of the period.

Its tawdry, unkempt, murky interior attracted two distinct, but equally adventurous, audiences: cool youth to trip on the progressive rock bands, and Hampstead artists to swoon over avant-garde drama.

This was hardly Wesker's intention in 1964, when he acquired the mouldering building as the base for Centre 42. He barnstormed the



The National Theatre of the counter-culture: the Roundhouse (centre), now to become a Creative Centre for inner city youth, was the place where the likes of Jim Morrison (left) and the Doors, and performance artists (above) strutted their stuff

Shunted back into the limelight

As new plans for the Roundhouse are revealed, Antony Thorncroft recalls its heyday as the epitome of Swinging London

Trades Union Congress to pass Resolution 12, which would raise money from union subs to fund an arts centre where people could enjoy working-class, real-life dramas: in other words, the plays of Arnold Wesker.

When it came to meeting the bills the unions were less enthusiastic, and inevitably the Roundhouse suffered the fate of many buildings of architectural interest but poor commercial potential: it became a rock venue. Every musician with a cult status to protect, from Hendrix to the Doors, Pink Floyd to the Rolling Stones, played the Roundhouse.

In its dark, cavernous vaults drugs were consumed, revolutions plotted, and polite society defied. Here the cast of *Oh Calcutta!* first bared their all. The atmosphere was conspiratorial.

cultish, confined. The Roundhouse was the National Theatre of the counter-culture.

The great and the good, who had been badgered by Wesker to join the Roundhouse board, became worried, both by the financial problems and the rebellious reputation. They sought an impresario who could maintain its image for creative nihilism, while shedding its role as a club for drop outs.

They found her in Thelma Holt. "When I arrived the place was in deep debt. There was even a bread bill for £3,400," she reminisces. Her first decision was to devote 40 nights to non-stop rock, to bands like the Clash and the Kinks, the Nipple Erectors and Siouxsie and the Banshees. They helped to pay off the debts. Then she used the Round-

house's wide open spaces to bring to London a new form of drama, total theatre. From Manchester, the Royal Exchange brought Vanessa Redgrave in *The Lady from the Sea*, and later a young Helen Mirren in *The Duchess of Malfi*, directed by the equally youthful Adrian Noble. The Glasgow Citizens Theatre made its London debut with *Don Juan*, and Alan Ayckbourn brought down his Scarborough company with *Taking Steps*.

After Britain, the world. The Rustaveli from Georgia changed for ever the thinking of a generation of young British directors with *Richard III*; Peter Brook made one of his rare British appearances, directing *The Tempest*; Mouchkine's 1789 and Living Theatre from Paris took London by storm with drama in the round. On

the bare expanses of the Roundhouse, artists could tumble and swing, cycle and dance, make waves. The venue's ingrained looseness was not totally forgotten. Casting Marianne Faithfull

It was at the Roundhouse that the cast of 'Oh Calcutta!' first bared their all

as Ophelia against Nicol Williamson's Hamlet was guaranteed to produce a narcotic interpretation of Shakespeare's tragedy.

In the end the chronic financial problems of the Roundhouse overwhelmed

Thelma Holt, even though she had an unlikely Father Christmas in the form of Robert Maxwell. "To me he was very supportive; he guaranteed the debt with the bank." It was his hit team of accountants from Pergamon which had helped sort out the financial mess.

But after dealing with the drug problem and operating within the agreed overdraft, "the 26-hour days" finally got to Thelma Holt. "We were too late to get on the bandwagon of generous public subsidy" she laments. She was reduced to working in gloves during the winter, only switching on the heating two hours before the audience arrived.

By the early 1980s the reputation of the Roundhouse had attracted the attention of the expansionist GLC which, along with Camden,

bought the building. The idea was to turn it into a black arts centre. Some years, and some film later, the money had disappeared - along with the dream and the GLC. The Roundhouse became a grimy asbestos-ridden reproach to arts lovers with long memories.

Now it is back in business. It has just played host to a sell out season by the Michael Clark dancers and is currently doing good business with *Stomp*. Its new director is Paul Blackman, formerly of the Battersea Arts Centre. He, of course, has warm memories of the Roundhouse. "I acted here in the early 1960s with the National Youth Theatre. I think our production closed it down."

He remembers just how exciting the Roundhouse used to be. It helped make Camden the centre of Lon-

don's youth scene, a position it holds today, with its street markets, bars, clubs, and craft studios. "One of our cleaners worked here in the 1960. She brought in a cutting for a British Rail special offer 'Travel to London and meet the Beautiful People at the Roundhouse.'"

This was the epitome of Swinging London, the temple of the alternative society. Not many people find it easy to recapture the idealism, however cock-eyed, of those days, but Torquil Norman is one of them. The Roundhouse contains many ghosts, some disturbing ones built round drugs and decadence, and other benign spectres of creative ingenuity and artistic excellence. Norman hopes that his £5m commitment will add the future ghosts of fulfilled teenagers and a safer society.

Outside the Abbott Hall Art Gallery in Kendal, Cumbria, nature puts on quite a show, with the rolling hills of the Lake District rising in the distance. But when the paintings inside are by Bridget Riley, there is really no contest. Her most comprehensive exhibition in more than 20 years is dazzling.

Britain's heavyweight artists like to exhibit at Abbot Hall, and it's easy to see why. Downstairs, the Georgian house is filled with the darkened canvases of the painters of its day, but their

Intimate display of a dazzling talent

The Lake District is playing host to the paintings of Op Art pioneer Bridget Riley, writes Lynn MacRitchie

latter-day counterparts look very well in the light-filled upper floors. Each room differs in size and shape from the next, which allows the work to be enjoyed in a much more intimate envi-

ronment than usual. Also it allows the artist considerable control over how their work is seen.

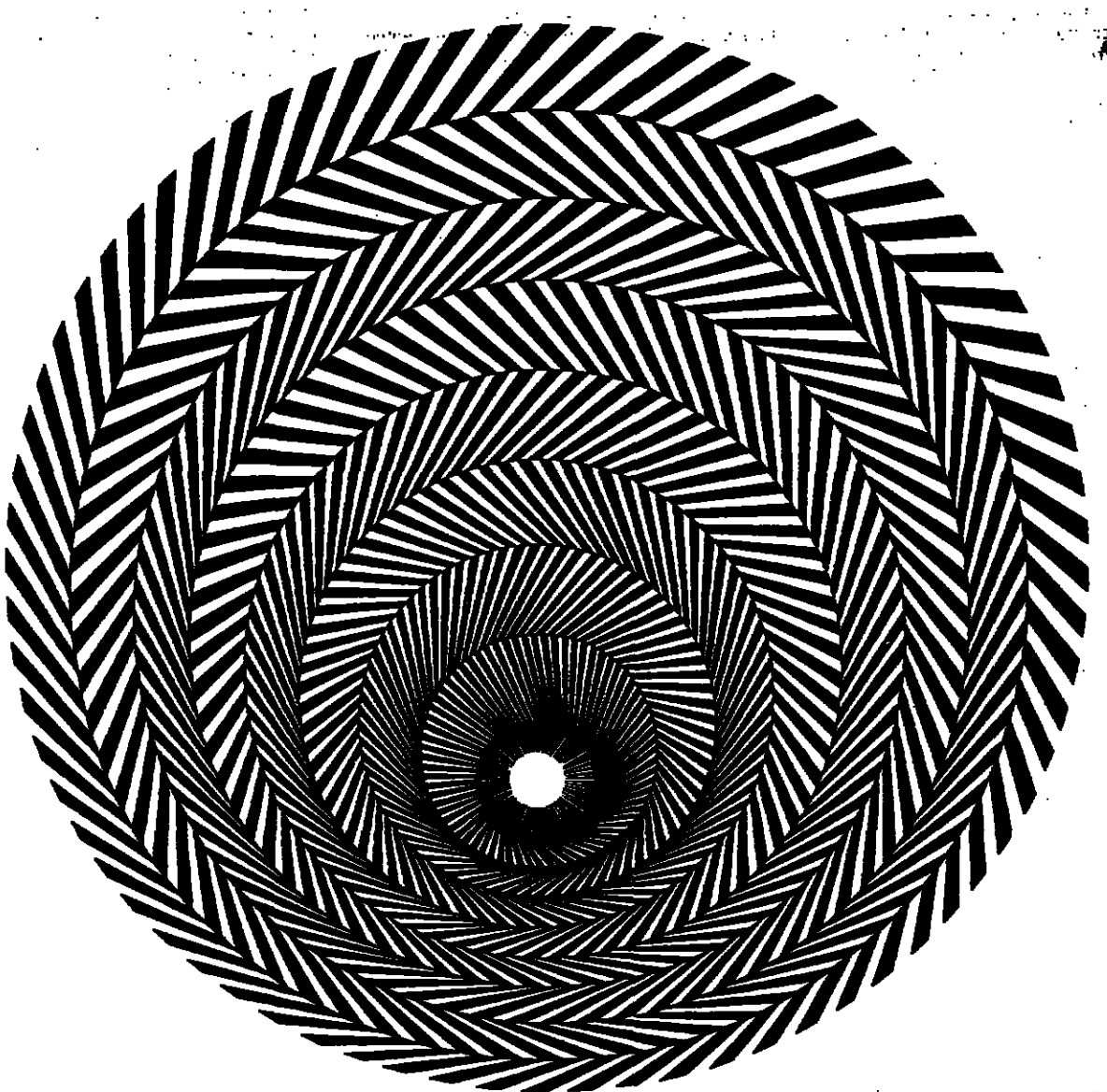
While this is not a full retrospective, it includes paintings and studies from the

very earliest to the very latest phases of Riley's career. Hanging modestly on the wall outside the room in which her first Op Art studies are displayed are a brown chalk portrait head, and two other figure studies from the 1950s - a nice lesson to those who think that the most experimental art forms leap new minted from an artist's head. They don't. In Riley's case, such breakthroughs are the result of hard labour in the studio, most of it unseen and unacknowledged.

For Riley, a student at Goldsmith's and the Royal College of Art as Abstract Expressionism was coming into the ascendant in the early 1950s, the challenge was to develop the potential of painting while distancing herself from any form of painterly "handwriting" which might get in the way of what she considered her real task as an artist, the decision-making process. Thus the final paintings are done by assistants, working from the studies she has prepared.

Fame first found her in 1965, when her black and white Op Art paintings were included in the *Responsive Eye* exhibition at the Museum of Modern Art in New York. Although modest in scale and materials, their impact was immense. "Their dazzling effects caught the mood of the moment and were immediately appropriated by the fashion world. A 1960s Riley might well have rubbed her hands and opened a chain of Op Art themed restaurants, but she is made of sterner stuff. After seeing Op Art frocks in every Fifth Avenue window, she famously declared that it would take 20 years for her work to be taken seriously again. It didn't. Her work has been regularly honoured throughout her career, most recently with a touring retrospective in 1992.

By the late 1960s, after working with shades of grey, she finally broke through into colour, at first always interspersed with stripes of black or white, such as in "Rise", 1968-70, then set shade against shade. A trip



"Blaze 4", 1964: a 1960s Bridget Riley might have opened a chain of Op Art themed restaurants, but she is made of sterner stuff

to Egypt in 1980 moved her palette on further, as, back in the studio, she experimented with the range of colours she had observed in the Nile Valley's natural landscape and the works of ancient Egyptian art. By the mid-1980s, a new element, the diagonal, entered her work, and the combination of intense colour remembered from her Egyptian and Asian travels and the dynamic of the diagonal produced masterpieces such as the glorious "By Way of Yellow", 1983. It is a pleasure to see an important painting such as this in the small rooms at Abbot Hall, glowing in the natural sunlight.

It is also exciting to see her most recent work, gouache studies in which the diagonal rhythm is interspersed with a curve, creating an almost Mannerist effect. A painting with a diagonal line instead of a horizontal, a curve intersecting a diagonal, a shift in

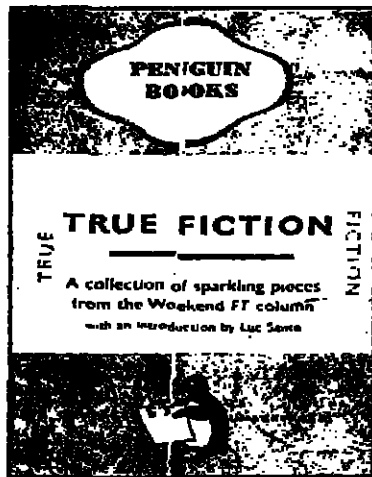
tone - it does not sound like much, but in Riley's hands, such nuances of composition are both exciting and satisfying, delighting the eye and engaging the mind. She has always understood that it takes a great deal of looking to really see.

The very latest work in the show, the studies for the wall painting "Composition with Circles," made for an exhibition in Bern in this summer, hark back to her beginnings in their simple use of black and white, but also show just how very far she has come. Spare and elegant, the drawing of the interlocking circles suggests an infinity of planes slipping and sliding among and between each other, like the inner landscape of the mind: the viewer has only to surrender to be swept away.

Bridget Riley: Works 1961-1998; Abbot Hall Art Gallery, Kendal, Cumbria. Ends January 31, 1999.

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SPORT / MOTORING

American Football

Broncos are kicking but Eagles don't fly

Jurek Martin watches everything from college to professional teams

There is a well-established trinity to the American football weekend. Friday night means high school games, Saturday afternoon college games and Sunday after lunch the National Football League. Last weekend was more beguiling than most.

Since I lack teenage children, school sports have not been personally compelling once I became briefly addicted to televised high school baseball in Japan. But any casual reader of the Washington Post sports section could not fail to notice that a suburban Maryland team, Seneca Valley, seems to win every time it plays.

So on Saturday morning, I check the scores and sure enough Seneca Valley has walloped the daylights out of one of its better local rivals and seems assured of yet another state championship.

I am now at our country place in southern Maryland and it is too cold and windy to play golf, which is a pity.

This leaves a warm fire and college football on television, but with the slight problem that reception in the wilds is generally so awful that Ohio State and Michigan, Florida State and Florida, Tennessee and Kentucky, the prime match-ups, appear to be playing in snowstorms.

Actually, the Florida game is so super-heated that players start fighting even before the kick-off, which tells you how much can be at stake in college football. It will be even higher if Tennessee, home of vice-president Al Gore, holds on to its number one ranking.

The only signal which wafts crystal clear over the Potomac is from an off-beat public TV station in Goldvein, Virginia. So I flick it on and observe, in full colour, a game between Marshall University and Wofford.

Neither is exactly a football powerhouse, but Marshall, from Huntington, West Virginia, has long been distinctly respectable, losing hardly any of its last 70

home games. Randy Moss, its spectacular pass catcher now with the Minnesota Vikings, is certain to be the NFL's rookie of the year. Chad Pennington, its quarterback, puts up enormous successful passes and could have a future playing for money.

The only Wofford I had previously heard of was the former senator from Pennsylvania, but this one, from South Carolina, is one of your typical small liberal arts colleges, though it specialises in science, with a student enrolment of only about 1,100. It has decided, for some reason, to make a statement in football, so now plays, but still mostly loses, in a tougher league.

It ought to be a Marshall court

TV reception is so awful that matches appear to be playing in snowstorms

and it leads 29-7 at half-time, with only carelessness stopping it from scoring 50. But something happens at the break. Wofford comes out and outplays Marshall with intelligent resourceful football. In the waning minutes, it trails only by 29-37 and has a three-point field goal to take the lead. Naturally, because the good guys do not always win, Marshall blocks the kick and wins.

Back in Washington on Sunday, there is no real competition between the hapless local Redskins and Liz Vryyan's incredible lamb and roast potatoes to die for, not to mention the bread and butter pudding. The car radio tells me the Arizona Cardinals are leading the Skins 31-0, so I have made the right decision.

But the second TV game, starting at teatime, is between the undefeated Broncos and the Oakland Raiders and my daughter,



How 'bout them Broncos?: quarterback John Elway of the Denver Broncos

who lives in Denver and had no known previous interest in football, has been calling me up and saying un-Caroline things like "How 'bout them Broncos?". First, however, the Redskins pull a Wofford. Down 38-13 in the third quarter, they score 22 straight points in a hurry. The Cardinals get another touchdown, but the Redskins answer with one, are still down by just three and they get the ball back with 40 seconds left. Then they really pull a Wofford, a pass is intercepted and that's that.

Remarkably, the Raiders, down 17-0, pick up the Wofford theme and draw to within three points going into the final quarter. But then the Broncos get serious and reel off the game's final 23 points, including two touchdown passes from John Elway, two pass interceptions and some thundering running from Terrell Davis, who

is on course to break the single season running yardage record.

Denver, now with 11 wins and no losses, is the story of the professional year. A surprise winner of last January's Super Bowl, the Broncos are a smart team with a smart coach, Mike Shanahan, and have distanced themselves from the rest of the league. With only the Miami Dolphins of their remaining five opponents currently boasting a winning record, they could well remain undefeated in the regular season, a feat only accomplished once, by Miami in 1972.

Meanwhile, their apparent rivals have fallen back. The Green Bay Packers, minus a reliable running game, have lost four games, including decisively to the Vikings last Sunday. The San Francisco 49ers have been fragile on defence and even saw Jerry Rice, who last muffed a

pass in elementary school, drop a sure touchdown in a bad defeat by the surprising Atlanta Falcons.

Minnesota, courtesy of Randy Moss, the next Rice if he can keep his focus, and a newly disciplined Randall Cunningham at quarterback, is on the rise, like Atlanta. Even the long feckless New York Jets, prodded and goaded by coach Bill Parcells, are very competitive again, as are the Dallas Cowboys.

Still, the greatest fun is to confute a football weekend in a fanciful way. I doubt if the Screaming Eagles, even with their supercharged water, could beat Marshall, Ohio State, or the Broncos. But they might have a shot against the current and totally flightless Philadelphia Eagles - that is, if they remember, unlike Wofford, not to try to come from behind.

Keith Wheatley

Butterleigh in a spin

Watching Australian leg-spinner Stuart McGill help produce the England batting collapse last Tuesday, I could hardly believe that he had come so far, so fast. From Butterleigh to the Gabba in just two seasons.

While most cricket fans will have heard of the Gabba, only the cognoscenti of village cricket and a few alcoholic touring sides will know of Butterleigh Cricket Club, which is a shame. Butterleigh is the kind of bucolic Devon village (119 souls on the parish register) where the Exeter Morris Men dance outside the pub after our annual match against them.

In the summer of 1997, the young Australian bowler turned up at Heathcoat Cricket Club to be the season's visiting professional. Heathcoat play in the Devon League and take their cricket seriously.

The beautiful pitch is still in the grounds of the Heathcoat-Amory estate, overlooking the wooded Exe Valley. McGill was on the books with New South Wales, had a Sydney waterfront accent you could cut with a knife and an attitude to match. He was certainly the most talented player to hit mid-Devon in the last two centuries and possibly the most vocal. A genial companion in pub or pavilion, McGill, then 25, could turn into a mouthy monster on the pitch.

During an enforced suspension, McGill began to spend time at the Butterleigh Inn. Over a few jars of Tawny bitter he was persuaded to turn out for a side several light years below his normal range. Coming in to bowl from the Dead Sheep End, the "leggie" dazzled the opposition and us.

It was, without doubt, BCC's finest hour - although at that stage McGill had yet to earn the coveted green cap. "I probably never will," he lamented later in the pub. "Just my luck to be born in the same age-group as Shane Warne." We consoled him with the offer of a place in the Butterleigh side. There was even an empty cottage down the road... It seemed to give the lad just the motivation he needed.

Every year the qualifying school for the European Tour contains more drama than golf's so-called majors put together. Spare me the rhododendron-lined schmaltz of Augusta and bring on the real tension of men playing for the right to keep their jobs.

Just 38 tour cards are on offer. Several hundred professionals, ranging from gnarled journey-

men to optimistic youngsters, gathered last week in Sotogrande, Spain, to fight for the coveted little ticket that allows them to compete regularly in one of sport's richest competitions. British wunderkind Justin Rose failed to make the cut. His astonishing results as an amateur at the 1998 Open have failed to transfer to the professional stage. Rose shot a triple bogey at the 17th and said he was upset enough to be putting away his clubs until the new year.

Jeremy Robinson, a British middle-order player, was fighting to regain his card after a season struggling to make ends meet on the Junior Challenge tour. "You can't make enough to support a family," he said feelingly. Robinson was in so much bad pain during the last four days of the competition that his caddy had to place the ball at each tee. But he picked up the 35th card.

The most welcome qualifier for next season's European competitions has to be Mac O'Grady, the eccentric 47-year-old Californian who said he wanted to play in Europe for its "cultural diversity". O'Grady is ambidextrous and at the 1983 Chrysler team event attempted to be his own partner, playing left and right. In recent years, he has tried to coach Seve Ballesteros out of his slump but finally gave up. "His decline has become a death march," O'Grady commented after parting with the only pupil he describes as more neurotic than himself.

One of the pleasures of the past two weeks has been reading the e-mails sent from mid-Atlantic by Ellen MacArthur, who looks like winning Class II in the Route du Rhum single-handed race from St-Malo, France, to Guadalupe.

At 22 years and just 5ft, MacArthur might seem to lack the experience and physical strength to take on the world's best sailors. However when one sees her hauling, genoa twice her size for a sail-chang, that impression vanishes. "My hands are strewn with salt sores and scabs," she wrote after 17 days at sea.

"Charging the batteries is an uncomfortable chore, the noise and heat of the engine eating into my sanity. Yesterday was awful. Very light breeze, more than 20 sail changes, from spinnaker to jibs. Hard work in the windless scorching sun." Never underestimate a British girl who, after reading *Scalious and Amazons*, saved up three years' dinner money to buy her first boat.

Motoring / Stuart Marshall

Keeping a grip when others lose theirs



Subaru's new Outback Estate: four-wheel drive for on-road security whatever the weather, plus off-road mobility sought by many in the country

The big 4x4, all gold metallic paint and chromium-plated wheels, bull bars and oversized, white-lettered tyres, drove up to the members' entrance at the equestrian event. The bowler-hatted custodian took one look at the vehicle and its occupants, raised his hand and inquired of the driver: "Haven't you come to the wrong gate, sir?"

At that moment, a mud-splashed Subaru Legacy estate car, driven by a tweedy man with black labradors tail-wagging in the load space, approached. In a flash, the gatekeeper raised his bowler and with a "Good morning, my lord," waved it through.

An apocryphal story? Probably. But it sums up the appeal Subaru has for country people who really need an estate car with four-wheel traction as opposed to town-dwellers and suburbanites whose big, butch on-off-road vehicles are mainly lifestyle accessories.

Subaru has always reckoned cars should be four-wheel, not just front or rear-wheel driven, even if they spend most of their lives on hard roads, not unmade tracks.

I am sympathetic, though I have to admit that on dry tarmac, all-wheel drive does not make a lot of difference to the handling security of sensibly driven cars of modest power.

It can be a different story with the ultra-muscular type of vehicle, even when roads are dry. When rain, snow or

diesel spillage reduce grip between tyre and road surface, even the least potent of cars can misbehave. But a four-wheel driven Subaru will retain its grip and hence its composure when most other cars lose theirs.

As a spin-off (no pun intended), a Subaru that stays safe and civilised on slippery roads is also very much at home when crossing a field or being driven along rough moorland tracks or muddy forest rides. It will not, of course, climb in and out of obstacles like bomb

craters, but very few 4x4 owners actually want to do that.

A Subaru is tough enough underneath to cope with conditions that might break normal cars and would certainly bring them to an embarrassing halt. Yet, unlike most high-slung, 4x4 sports utilities, it rides as comfortably, and handles and steers as confidently, as any normal road-bound estate.

Two new Subaru estates go on sale in Britain next month. The Legacy (priced from £20,800) and its

beefed-up Outback version (from £21,915) look little different from the old ones but much has changed under the metal. Body, platform and suspension are all new, with self-levelling air suspension that can control the ride height an option on the top models. Another extra is vehicle dynamics control, a system using the anti-lock brake sensors to protect drivers whose enthusiasm outruns their skill.

The engines are still 2.5-litre, 154-horsepower boxer-motors - the four cylinders

are horizontally opposed - which bolster stability by keeping weight low down, and safety by sliding under the floor in a severe frontal impact. With the standard 5-speed gearbox, buyers get a two-range transmission; high for road use, low for difficult conditions.

In the past, fuel economy has not been a Subaru strong point but engine improvements have moderated their thirst to a claimed average 29.7mpg (9.5/100km) for a Legacy manual, and 28.8mpg (9.8/100km) for an automatic Outback. The main difference between the two is that the Outback has more ground clearance and bigger tyres to improve off-road ability.

Their interiors are high on practicality and comfort if not quite as grand as those of premium-priced executive saloons. Cargo space is said to be more generous than that of a BMW 5-Series Touring or Audi A6 Avant. Brief driving experience on mainly dry roads confirmed Subaru's claims of greater refinement, lower levels of tyre and mechanical noise and improved ride.

Both the Legacy and Outback have courtly manners and vigorous performance - the Outback's higher ground clearance has no real effect on its cornering stability, at

any rate when driven on public roads.

The Legacy has few direct competitors; the nearest alternative would be the Audi A6 Avant quattro. At present, the only four-wheel driven estate car with extra ground clearance to compare with the Outback is the Volvo Cross Country. Both the Audi and Volvo are excellent vehicles but their Subaru equivalents are considerably cheaper. Also, neither offers the Subaru bene-

fit of on-road (high) and off-road (low) sets of gears with manual transmission.

Finding a rival for another new Subaru estate, the Forester Turbo, is even more difficult. There is nothing like it. Essentially, it is Subaru's sporting 2.0-litre, 208-horsepower Impreza Turbo hatchback with new country clothes and extra ground clearance.

On the road, it goes with the verve and vigour of the best hot hatchbacks - the

VW Golf GTi or Vauxhall/Opel Astra SRi come to mind - but its high stance makes it as capable off-road as, say, a Land Rover Freelander.

The Forester Turbo, too, is offered with high- and low-range manual gears or automatic transmission.

The automatic version I tried struck me as an ideal car for a country couple of diverse tastes. He, a field sportsman, wants outstanding road performance with no risk of getting stuck in winter when he goes shooting.

She appreciates the ease of two-pedal control when driving into town. Prices of the new Forester Turbo, which goes on sale in January, will start at £21,750.

Diesel's quieter new wave demystified

Common rail" is a phrase often used in connection with the latest diesel-engined cars such as the Citroën Xantia HDi (see this column, November 14). But what does it mean?

An odd, even opaque, term, it describes a state-of-the-art fuel system. The "common rail" is a reservoir in which fuel is held under enormously high pressure

before being injected into the cylinders under electronic control.

Indirect injection (DI), once standard for all diesel cars, is a mechanical system injecting fuel into chambers alongside the cylinders.

Combustion is less violent than in a direct injection (DI) engine, reducing noise, especially after cold starting. But DI engines, which receive their fuel

directly into the cylinders, are more economical, and development has made them quieter and smoother.

For example, Volkswagen Group's DI diesels have become a byword for low fuel consumption, punchy performance and refinement.

But common rail technology goes further. It combines the smoothness and low noise levels of diesel

engines with even greater economy and efficiency than mechanical direct injection systems achieve.

Citroën UE, whose Xantia HDi is the first of a new generation of common rail turbo-diesel cars to reach Britain, offers a free plain man's guide to the technology. For a copy, call Free-phone 0800 262 262.

Stuart Marshall

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MADE IN ENGLAND

How to Spend It

Fashion

Three go shopping to find a perfect dress . . .

... And have a happy ending. Vanessa Friedman reports on a successful outing

It is the season to dress up: for drinks parties, launch parties, premiere parties, gala parties. 'Tis the season to be festive, fashionable, and have your diary fully booked. 'Tis the season, in other words, to think: "What the hell am I going to wear?" not just once in a while, but practically every night. And for many women that means 'tis the season, if not from hell, then from purgatory.

After all, working out the logistics of an outfit that can take you from after-work cocktail to art opening to fancy dinner, or from media launch to intimate gathering, an outfit that won't be worn by 10 other women at the same time but will meet the event's dress code and your needs, can seem like an impossible task. What works on the pages of glossies can often seem impractical when transposed to everyday existence - viz slip dresses in the snow.

So what's the solution? We asked three women with dif-

ferent needs and tastes (and social schedules) for their answers. Then, to get to the bottom of the issue, we went shopping.

The team: Janice Blackburn, Sotheby's curator for contemporary decorative arts, grandmother of three; typical events - "the Turner Prize dinner, Kathy Lett's book launch, dinner with friends"; style: eclectic high fashion (Comme des Garçons, Hussein Chalayan).

Georgia Coleridge, Book critic, wife of Nicholas Coleridge, Conde Nast's managing director, eight months' pregnant with her fourth child; typical events - *Scolec Pimpernel* premiere and party; style: colourful practicality (Caroline Charles, Marks and Spencer).

Kimberly Fortier, Publisher of *The Spectator*; typical events - Hunt Ball, a Hollinger board dinner; style: classic (Chanel, Donna Karan).

The mission: to find the perfect party dress. The time frame: one afternoon.



From left to right: Kimberly Fortier, Janice Blackburn and Georgia Coleridge as they reported for the expedition. Janice Blackburn in Ebro Lurex dress, £305, Kimberly Fortier in red taffeta skirt, £1,550, and black cashmere shell top, £295, both by Ralph Lauren Collection. Georgia Coleridge in red velvet jacket by Favourbrook, £560. Photography by Ben Shann

The theatre of operations: Bond Street, London, chosen for its high boutique-to-block ratio. We convened at a café to map out the strategy, but make no mistake: this was no frivolous girls' outing. It was a stealth mobilisation.

Thus step one: prioritise requirements, isolate strengths and identify targets. Generally, all three women agreed that the most important factors in finding a perfect outfit were:

1. Stay within your comfort zone (which doesn't simply mean physical comfort, but

psychological; take Georgia, who "has a thing about bra straps. I hate it when they show, and I don't want to worry about that, so slip dresses are out");

2. Have a realistic body image (Kimberly: "Some people have great curves; I have great collarbones");

3. Be secure enough not to follow fashion. (Transparency, for example, currently on view in the glossies, got the following reaction: "Not for me" (Georgia); "No way" (Kimberly); "Oh, please!" (Janice).

Individually, the breakdown was even more specific.

Georgia, for example, said: "I need speed: I have a husband who can get changed in 30 seconds flat, and I always have to put my children to bed before we go out. Then I love colour - I think it's only polite to show you're upbeat at a party and all this black depresses me - and I'm obsessed with comfort and warmth. Plus I am a corporate wife, so I have to be 'smart'. But one of the fun things about being pregnant, is that it frees you to be sexy - you can wear tight without it being a come-on."

On the other hand, Kimberly said: "Most of what I do is business-related, so I need to look tidy and in control. My wardrobe is basically black and navy, with splashes of purple and pink for colour. I don't like sheath dresses, because I find them difficult to move in, and I don't like complicated dressing; if you see it, and you don't understand it, leave it alone."

Then there was Janice, who demanded: "One, something that is not an 'outfit'; I need things I can combine with separates I've had for years. Second, I'm concerned about dressing my age: I can't wear certain shapes, like A-line skirts, or bows, because I would look ridiculous, but I also can't be too deconstructed or I look like a bag lady. At this point, I know my most effective look is a simple piece, ideally one that covers my arms, that provides a back-drop for a fabulous accessory. I want the accessory to be the focal point."

As it happened, Janice had already emerged triumphant

We convened to map out the strategy; this was no frivolous girls' outing

from one solo skirmish, adding to her wardrobe a long beaded skirt from Elspeth Gibson that she said was a multi-purpose treasure - dressed down with a cashmere T-shirt, it could go to drinks or a small dinner, and dressed up with an organza jacket or shirt, to a gala event - so she and Georgia were willing to let Kimberly make the first charge (literally and figuratively). Her choice: Ralph Lauren, for a ballgown.

"This is the year of Ralph Lauren evening clothes," she proclaimed. "Every year, there's one designer who gets it. Two years ago it was Donna Karan, and this year it's Ralph."

Case in point: a sleeveless black velvet ballgown with a train ("The way it covers the body - well, you know it's been cut by a man who understands women") and a cashmere ballgown in the colour of the season, grey. Sleeveless, fitted to the waist and then flaring out to a full

skirt, it gracefully flattered, concealed and epitomised the trend to understated extravagance. "It's very simple, but the fabric makes it incredibly luxurious," said Kimberly.

"Still, it might be cold" (Georgia).

"Throw a big pink shawl on top!" (Kimberly).

"But look at that..." (Janice). "That" was a red full

'I think it's only polite to show you're upbeat - all this black depresses me'

length slip dress, and "that" was generally approved of on the dress-it-up-dress-it-down front.

"I'd wear it with a black cashmere twin-set," (Kimberly) "It could go to a ball and a dinner, though it might be a bit much for an at-home."

"Mmmm, lovely. Great colour," (Georgia).

"I can really see the point of that. It's very glamorous." (Janice)

What about a silver beaded slip dress? "Too cold. What's the point of turning blue and shivering all night?" (Georgia)

"Plus it's very heavy." (Kimberly)

Next stop, the aforementioned Donna Karan. Georgia approved of a simple sleeveless silver velvet dress. "It would work at a premiere, and at a friends' dinner," though Kimberly had her doubts. "For me, this falls between my two camps," she said, deeming it neither fancy enough for a ball nor serious enough for a boardroom. Janice simply shrugged and noted: "It's too generic; there's nothing about it that really reflects individual fashion."

Chanel was Kimberly's choice for boardroom armour, and as Janice and Georgia provided back-up encouragement on a sofa (neither felt inspired to make a foray among the clothes for themselves), she attacked the suits.

"The answer to all her problems took the form of a black wool crepe suit: a relaxed single-button jacket with a black chiffon lining that folded over into a flirty collar and peaked out at the jacket hem, topping a flared knee-length skirt. "It covers the parts of me I want covered and the chiffon makes it modern, and appropriate for work and play," said Kimberly. "It doesn't scream 'Chanel' - the only C in sight was in the button - but it's got all the elements that make a Chanel suit: good fabric, cut, weight. And it's a great suit for jewels."

Later, charging past Gucci, the group spotted a widely photographed, low-cut, empire-waisted chiffon gown in the window. Pausing for a moment, they considered the dress, then shook their heads and decreed "night-gown".

Though less editorially ubiquitous, our next stop, Favourbrook, yielded a hit for Georgia: a three-quarter length red velvet frock coat. "I'd wear a really short black skirt, black tights and heels, and maybe a white body," she said. "I could wear it with my pregnant stomach sticking out" - "You could?" (Janice) "My God, when I was pregnant we all wanted to hide our bulges." And then later - "It solves all the problems; it's warm, colourful, and I wouldn't have to worry about underwear showing. Fancy enough to be very dressed-up, but not too fancy to make the transition to a less formal event. Perfect."

"What about this?" (Kimberly, with a short red velvet version embroidered with daisies).

"Oh, I love that, too..."

Finally, Janice took command, and steered the group into Ebro, the Italian house known for its original plays on texture and adornment. As Kimberly ran to an embroidered lace jacket in muted shades of beige and smoky blue ("It would look professional over black pants, but it's decorative enough to go to dinner or a reception"), Georgia ex-

claimed over the elaborately embroidered scarves, particularly a beaded velvet and tulle wrap. "It's the fabric," they chorused, "it's all in the fabric."

Then Janice pulled out a dress: mid-calf, cut as simply as a T-shirt, but crafted from a shimmering metallic bronze Lurex shot through with maroon.

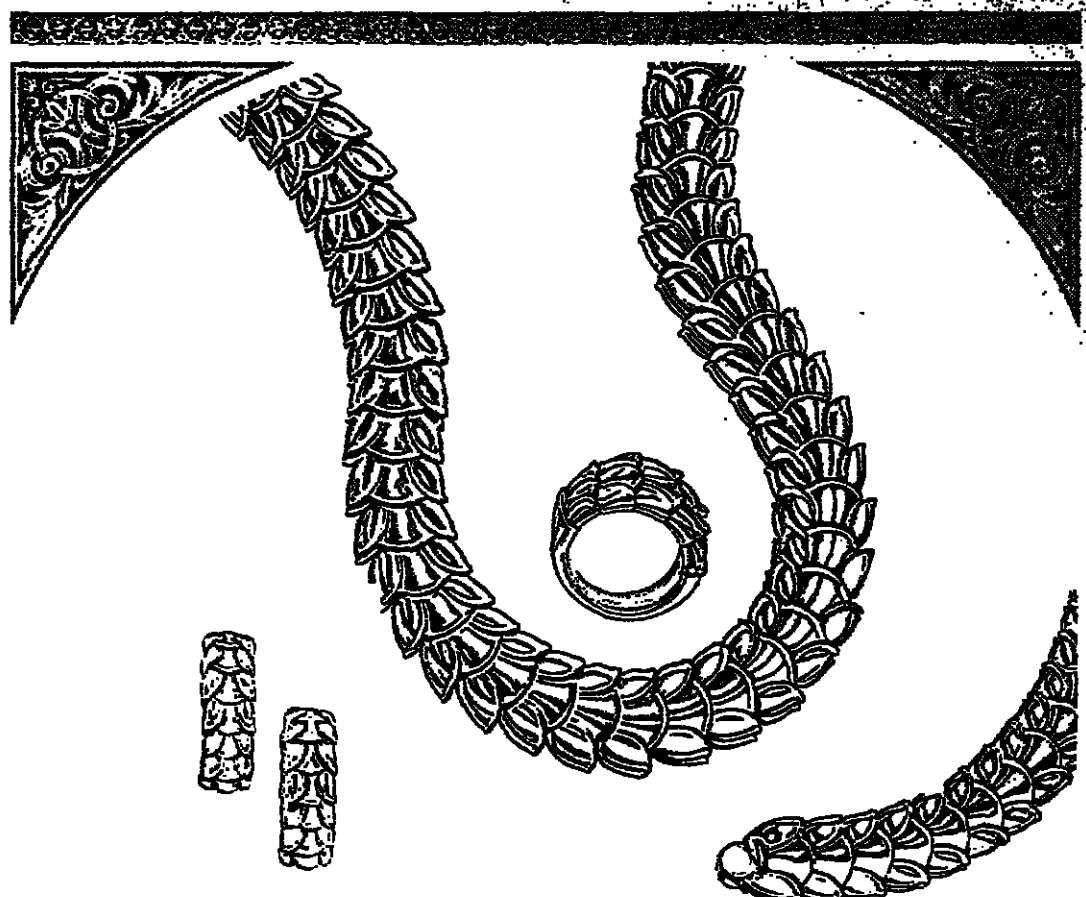
"This," she said, "for me, this does it all. I could wear it to Christmas in Scotland with an embroidered shawl, and to the Turner dinner with a fabulous choker. It's modern, and it will never go out of style." It was also, turned out, reversible: a sapphire blue reversible to magenta version.

"I want the blue!" (Kimberly).

"So do I!" (Georgia).

Three triumphant smiles lit the store. No need to go anywhere else. The mission had been accomplished.

■ **Ralph Lauren**, 143 New Bond Street, London W1 (0171-491 4967); **Donna Karan**, 19 New Bond Street, W1 (0171-495 3100); **Chanel**, 36 Old Bond Street, W1 (0171-493 5040); **Favourbrook**, 18-21 Piccadilly Arcade, SW1 (0171-491 2337); **Ebro**, 14 Old Bond Street, W1 (0171-495 5767).



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How to Spend It



Back row, left to right: Alexander would not be parted from the V-tech Sort 'n' Go car, £14.99 (Selfridges, Oxford Street, London W1). Clementine is seated on a wooden rocking horse, £55 (from The Hill Toy Company, 71 Abingdon Road, London W9) and is playing with a Baby Chou Chou, £29.99 (from Selfridges). Elizabeth is playing with an interactive Real Live Babe, £49.99 (from Hamleys, Regent Street, London W1) and an Actimates Barney (sings songs and nursery rhymes), £99.99 (from Selfridges). Behind is a puppet theatre, £37.95, and puppets, £6.95, each from The Hill Toy Company and a rag doll, £18.95 (from Liberty, Regent Street, London W1). Jake loved the Alto Learning Book, £29.99 (from Selfridges). Front row: Bruno is holding a Ziggles which shakes and laughs, £14.99 (Hamley's own label). Santon is pulling a wooden zoo lorry, £14.99, and beside him is a wooden Noah's Ark with animals, £23.50, and a wooden crocodile ABC puzzle, £12.95, all from The Hill Toy Company

What I really want is a Furby

In the Christmas toy stakes, Lucia van der Post looks at the wish lists for this season

Those who have small children at home will have little trouble knowing what to buy them this Christmas. Top of almost every child's letter to Santa seems to be toys that relate to television series or have somehow popped up on television. For the rest of us, whose "children" these days require more substantial things such as Jimmy Choo shoes, pashminas, zoom lenses or bits of furniture, the world of children's toys seems almost as opaque and esoteric as the thinking of physicist Erwin Schrödinger.

The nuances of which Teletubby is most in favour, which computer has it over all the others and which soft toy has grabbed their attention is hard for us to grasp. A trawl through the Santa letters of the children of friends and colleagues is as good a guide as any for those of us who feel we need some guidance.

Orange, lime and purple seem to be this year's hot colours for soft toys, and the most tasteless of them all - the Furby - all pink fluff, flapping eye-lashes and "interactive" (this is a word new godmothers, grandmothers et al will have to

get used to) is almost unobtainable, so popular has it been. The disappearance of the taste police, though, is wonderfully liberating for those who believe it's the child that counts - noxious colours, bright plastics and disgusting noises will cluster round the trees this year.

Here, for those who are likely to stand bewildered among the stacked shelves, the noise and glitter of the toy departments, is some advice from those most concerned - the children themselves.

Eighteen-month-old Alexander would not be parted from the V-tech Sort 'n' Go truck, which he held on to throughout the FT photographic sessions. Other than that, it's a Pooh Bear and a Laa-Laa (one of the Teletubbies that seemed to catch his fancy). Also anything to do with Postman Pat, videos (viewing strictly rationed these days) of almost anybody ranging from Spot via Postman Pat through Pooh, all the way up to Wallace and Gromit.

Jake, 2½, who quickly became immersed in his interactive Alto Learning Book, wants a car, a truck and a T-Rex (a nasty dinosaur), as well as a rocket, a Woody (cowboy character from the film, *Toy Story*, a great hit with the under fives) and a Buzz Lightyear (the space ranger in the film).

Katie, 4, is very polite and first asks after Randolph (sic), the reindeer, before asking for a dinosaur Godzilla (the one with the eggs), a toy TV, a toy baby Annabel, a doll's tea (with chairs) and a toy living-room. Her seven-year-old sister Lucy is also concerned about Randolph but has developed a more sophisticated list of wishes (cuddled, says her mother, from the television) - a Get Set Chocolate Factory, a Get Set Egyptian Art, fire balls, Godzilla, a Nintendo, a play station, laser challenge, Bagal Eye, Tyco

Rebound and Lego 8869 Spaces. What she really really wants, though (when she's forgotten what she saw on TV), are Rollerblades and a stop-watch.

Elizabeth, 4, has a most modest list - taffeta skirts and a bike. As for Clementine, 3½, she wants a large pram, just like grown-ups, not plastic, to accommodate Big Baby and various bears, a Teletubby scooter, easel for chalks and drawing on, and a train track with more trains to complement Thomas the Tank engine.

Samson, 3½, wants anything from Br's songs, animated videos, especially Disney, and anything to do with cars.

For slightly older boys who are football fanatics, almost anything to do with their favourite club - one seven-year-old of my acquaintance wants to sleep in Arsenal sheets (buy them from the Arsenal FC club, either in the shop or by mail order). Otherwise, anything electronic should go down well (though try to check with parents what he has or hasn't got).

Yo-yos, which come in a myriad guises, are one of the hot new crazes among the six- to nine-year-olds. Hamley's has a whole department devoted to them, ranging in price from £6.99 to £200 for super-brain - multi-clutch is this year's thing.

Finally, the hot-sellers for children, the toys you really do need to try to track down now for they are selling fast, are according to Hamley's: 1. Znap, a revolution in Lego - the bricks create loads of super whizzy models and also connect with the older sort of brick.

2. Technic Cybermaster, which links physical models with computer technology. Enter the virtual Lego Technic City on the PC, then learn to build the interactive model.

3. Mindstorms - robotic invention system - more sophisticated Lego. This one can be used to programme instructions into the computer, download them into a model robot via infra-red and then watch it go.

4. Furby - much like a strangely coloured Gremlin, cuddly and "fully interactive", it speaks a strange language called "Furbish" - comes with an English-Furbish dictionary. Stores are selling out as supplies come in and it's no good hopping on an aircraft to the US - even FAO Schwartz has sold out.

5. Cool Colours Barbie in super trendy mode, all dangle flares and 1990s make-up.

6. Babe - the "cutest pig in the world" - interactive, so says a few phrases and can, allegedly, be taught more.

7. Rumpus Range: Gus Gutz (but only for children whose parents have a strong stomach) - Gus opens his mouth wide, allowing his soft guts to be removed one by one. Gross but children love him.

8. Monster in my Closet - a loveable friend who hangs about in the wardrobe and scares the ghosts away.

9. Tomica World - Tomy's new transport system with lots of trains, cars, trucks and even a car wash.

10. Ziggies - incomprehensible to adults, but children love them - they giggle and shake hysterically at any sound or movement.

What more can I say, except hurry if you want them and may there be lots of smiles on Christmas day.

Anonymous, yet oh so chic

You can't place the label but Laura B's Chelsea hideaway is much prized, says Lucia van der Post

Let us suppose you are quite a figure in the fashion world, or an interior designer of note, that you have a busy social life, with meetings, lunches, receptions and dinners to attend and you need to look your best.

Let us further suppose you are no longer 20, that nature has unaccountably failed to supply you with a figure like Kate Moss, or even one that can slip nonchalantly into a perfect size 10. You do not feel that slivers of chiffon, shrunken cardigans or transparent layers will see you through your working or social rounds.

You are prepared to pay for quality but not the vertiginous sums the swankier labels command. In short, you are much like most British women. Where do you go for something that is fashionable but not too much so, that is of good quality but not outrageously pricey?

If you are one of the circle that has discovered the charms of Laura B's tucked-away shop in Chelsea you may take your problems to her. Into the two upper floors of a small Chelsea house (you have to press the bell to be allowed in) come duchesses, countesses and younger royals, foreign notables, wives of landed gentry, American heiresses, British jewellers and interior designers, newly appointed fashion editors whose figures would not be enhanced by Prada, as well as plenty of pretty young girls. What they come for is anonymous chic and... service.

Here trousers come in 25 different styles - with pleats and without, narrow, wide, side-fastening, elasticated, with or without pockets and so on. Any design in the shop can be ordered in any fabric (at no extra cost except for extra fabric if in an exceptionally large size) and special orders can be done in 10 to 14 days.

Busy working women can order a jacket, dress, trousers and skirt in, say, plain navy wool crepe that doesn't crease. Then they know they can set off for New York, Stockholm or Geneva with a complete capsule wardrobe that will see them through anything except a grand dinner or ball.

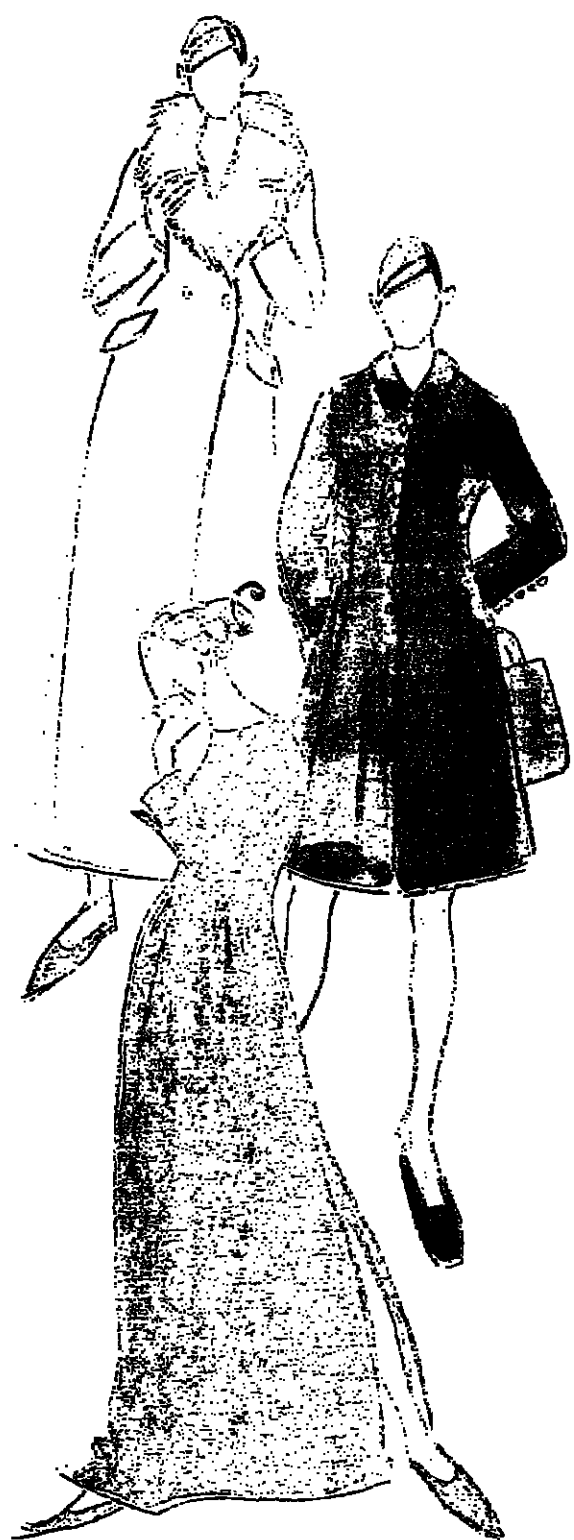
Laura B's customers also need clothes for weddings, lunches, Ascot, balls and so on. In her boutique they will find them. And if you buy the sweet little pink suit and tell her you are planning to wear it to Lady X's lunch she will warn you that, too, is the Countess of Y so why not buy it in another colour or keep it for another occasion.

Obviously most of her customers don't buy their entire wardrobe from Laura B - the clever ones match their clothes to the event. They intersperse cutting-edge numbers from avant-garde designers or international labels with Laura B's more anonymous little suits and velvet dresses for country weekends and the set-piece events of the social season where a crumpled Yohji Yamamoto or a rough-edged Dries van Noten would look out of place.

Now that Laura B (the B is for Benjamin) has become Mrs Carlo de Chair she no longer does the trunk shows she used to do in New York and Palm Beach ("Sometimes I did six months' business in a week"), but many of those customers still order from her.

Some, though, are so relieved to discover her that, like one New Yorker who came to one of her trunk shows, they simply fax their needs each season and order in bulk. "One of them," says Laura B, "sends her private jet to pick up the new wardrobe. What they seem to like is that the clothes are not instantly recognisable - they don't shriek of any label and nobody knows where they come from."

But the customers who almost cry with relief as they sink into Laura B's sofa are those who are less than perfectly shaped - here in the privacy of her boutique they can be measured up and have everything made to order. Jackets in any size (she has just done a £30,000 wardrobe for one chic but very large woman) can be ordered, cut to flatter and



From top: A cashmere coat with fox or mink collar, in black or classic camel, £795. Buttoned-up wool bouclé long jacket, £295. Team it with a pencil knee-length skirt, £165. Stretchy velvet dress with little pleats around the waist, from £395. Laura B, 25b Walton Street, London SW3 2HU. Tel: 0171-581 4123

deceive while trousers can be made with elasticated waists and skilful cutting. This is not to say it is only the large and strangely shaped who rush to Laura B - many pretty young girls who wear mere wisps of silk and trendy labels come to her for another sort of look. Such impeccably slim fashionistas as Jane Procter, editor of *Tatler*, fashion editor Kate Reardon and erstwhile social editor of *Tatler* Ewa Lewis buy there.

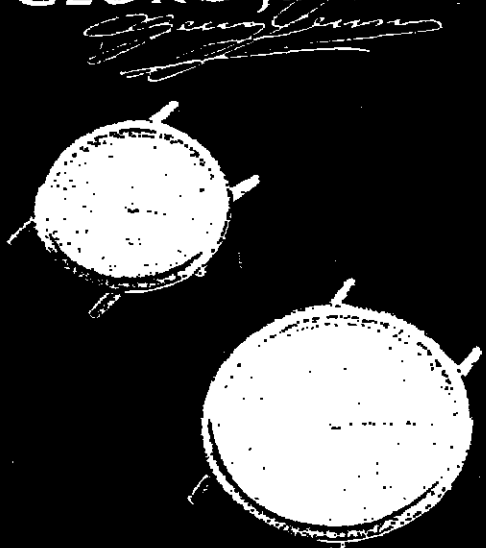
Sometimes three generations have been known to wear Laura B - Mrs Jack Hayward, for instance, her daughter Sue Heath and Sue Heath's twentysomething

daughter Emily all at some time make their way to Laura B's Walton Street eyrie. On any given day you could bump into Lady Peter-
sham (Viscountess Linley's mother), Lady Smith-Ryland, Rosie, Marchioness of Northampton and her daughter Emily Compton, the Countess of Leicester.

What they seem to prize is the privacy, the medium-range prices and the knowledge that what you buy there won't be found anywhere else.

Chances are that when you see somebody in the public eye looking very nice and can't quite place the label, it will be a Laura B.

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FOOD AND DRINK

Appetisers

Three top London openings

After two dull months for British restaurants, November started brightly. As though to ensure that restaurateurs did not get carried away, three new London restaurants, all aiming at the top end of the market, have opened doors within hours and not that many miles of each other.

First off the mark was the refurbished, ultra-comfortable J Sheekey, near Leicester Square Tube station, a piscine sibling for Le Caprice and The Ivy. Next it was the turn of the Frith Street Restaurant to open on the corner of Soho Square, a gastronomically thrilling partnership between the talented team of chef Stephen Terry and restaurateur Claudio Pube.

Finally, the new La Tante Claire has emerged from the builders' wraps with Pierre Koffmann at the stove of what was the restaurant in the Berkeley Hotel, Knightsbridge.

□ J. Sheekey, 28 St. Martin's Court, WC2. Tel: 0171-240 2535. Open all week.
□ Frith Street Restaurant, 63/64 Frith Street, London W1. Tel: 0171-734 4545. A la carte menu £21 two courses; £25 for three. Closed Sat lunch and Sun.
□ La Tante Claire, SW3. Tel:

0171-823 2008. Set lunch menu £22. Closed Sat lunch and Sun. And in Manhattan, after 26 months, hammering, naffing and planning on the part of the owners of the Union Square Café and Gramercy Tavern, Eleven Park Walk is at last open (dinner only for the moment) at 11 Madison Avenue at 24th Street. Tel: 212-685 0905. Nicholas Lander

There has been a welcome change at the London wine bar chain of Corney & Barrow since

my rather critical article this spring. The wine company of the same name has ceased to be the sole supplier, which means that there is a better choice of wines by glass and bottle.

At a recent dinner at their new branch in St Martin's Lane (0171-655 9800), I enjoyed by the glass a 1996 Lagar de Cervara Albariño from Spanish Galicia; a 1996 Quinta do Crasto red from the Portuguese Douro; and a 1993 5 puttonyos toky from Royal Tokay. As a special treat with

the roast partridge we had a bottle from their fine wine list: Château La Grave à Pomerol, which was reasonably priced at £44.95. Giles MacDonald

The traditional sherries of Pedro Romero of Santucar de Barrameda were absent from the British market for many years. This was a pity; they are some of the best I have tasted this year. The range starts with a classically earthy Manzanilla Fina and culminates with a

series of 40-year-olds with magnificent complexity and length: Oloroso, Palo Cortado and Amontillado. The importer is Terry Dunphy (01342-324663). Mail order sales are through Richard Rothla (0189-773744). Prices start at £8.99 for the Manzanilla, rising to £27.99 for the 40-year-olds.

GM
Madeira is a useful wine at this time of the year, and the dry wines are not only excellent aperitifs, they contribute

wonderful flavours to cooks' sauces. Beniques & Henriques is one of the remaining independent firms on the island. It makes a good, honest dry wine in Monte Saeo (£8.95) and naturally also provides the classic varieties such as the dry Sercial or sweet Malmsey (£15.95). Stockists include Lea & Sanderson (0171-775 4787 and branches), Fortnum & Mason (0171-734 8040) and Selfridges (0171-629 1234).

GM
Aroma II in Shaftesbury Avenue (0171-497 0377) is a new branch of the original Aroma in London's Gerard Street. Like its parent house it serves Peking cooking, including real, fat Peking duck. Menus from £13.50 a head. GM

Wine

Sssshh. It's the 'O' word – again

Classicists can get off to a head start in culling the best bottles of Greek wine, says Jancis Robinson

Last week a large Australian with a small winery rang me in what must have been the middle of the night for him. Would I by any chance mind if he and his fellow producers of Rutherglen Liqueur Muscat quoted something I had written about this unique wine style in their generic literature? I was touched by his courtesy.

The Seagram-owned British wine retailer Oddbins makes so free with quotes from wine commentators that if they pursued a similar policy of securing permissions, it would be someone's full-time job.

This is what makes writing about Oddbins so inhibiting. Just as you compose a sentence, you visualise it on a shelf or on the next Oddbins list. What I want to communicate to you, but not necessarily to every single one of Oddbins' customers, is that Oddbins has, and this is for FT readers only in a sentence which may not be cut by anyone wishing to reproduce it, surpassed itself with its new passion, Greece.

The company has always

been, although do not quote me, a trailblazer, benefiting for years from first pick from the vineyards of Australia and Chile, for example. Even in countries which the company studiously ignored until recently, such as South Africa, it can make up for lost time with speed and perspicacity.

Now that wine buyer Steve Daniel is launching 30 hand-picked Greek wines – without a whiff of reticence among them – on an unsuspecting British public, the vineyards of Europe's oldest wine producer will never be the same again. And taverna jokes will surely fade into well-deserved antiquity.

The thing that will surprise most wine drinkers about these wines is that they are predominantly white and extremely crisp – the absolute antithesis of the Greek wine stereotype.

If sitting around in hot wineries is the enemy of good winemaking in Greece, high-altitude vineyards are its trump card. Combining naturally acid grapes with a long growing season, lots of flavour and, at last, investment in temperature-con-

trolled wineries, has resulted in this heterogeneous – there is nothing homo about modern Greece – crop of characterful, full-bodied wines that reflect places and grapes that made wine for Aristotle. Although most bottles have a much-needed explanatory back label in English, Oddbins has deliberately kept front labels predominantly Greek, which presumably gives classicists a head start.

Basically, any of the three wines which have names beginning with Gaia, made by the cosmopolitan (gosh, this Greek gets everywhere) wine guru of Athens University, are distinctly superior. The Gaia Notios Red 1997 at £5.99 is, so to speak, prototypical modern Greek red from Agiorgitiko grapes grown in Nemea – even the Gaia Notios White 1997 has real excitement and lift for £4.99. Well worth the extra £2, however, is the nerve-tingling, titillatingly verdant, bone dry Gaia Thalasitis White 1997 made from 100-year-old Assyrtiko vines

which cling to life on the black volcanic soils of the island of Santorini.

This message in a bottle from another age contrasts tellingly with the 1997 barrel-fermented Chardonnay from Tserolopos at £7.99 which could have been made almost anywhere in the (wine) world. If you like big, fat pineapple Chardonnay, you might like this. I do not. Antonopoulos Chardonnay is a completely different kettle of mullet. I had my first ever Greek fling with the 1996 and this subsequent vintage, a pound dearer at £9.99, could well be the wine to ease you into the idea of fine Greek wine. Serve it, soon, to your white burgundy-loving friends.

Antonopoulos has also made a fine white blend of Greek varieties in what the back label describes as "dire climatic conditions" called Adoli Ghis 1997, far more multi-layered than most wines at £5.99. If you like Galician whites, you will love this elegant, very slightly honeyed wine. Its acid level suggests it might age extremely gracefully. My preferred Antonopoulos

red is the cheaper one, the Private Collection 1997 blend of Agiorgitiko and Cabernet which is still young but fully warrants its £6.99 price tag. The more expensive all-Cabernet version is very hard work but the top red curve from my third and last designated source of Greek talent, Kosta Lazaridis, is an extremely fine wine indeed – so much so it is available only at Oddbins Fine Wine Stores, at £14.99. This one is already in balance although it would be criminal to serve it this millennium unless for the purposes of confounding bigots.

It is difficult to imagine any other bottle from anywhere in the world into which so much has obviously been crammed – whoops, nearly quotable – to such pleasing effect, although I should warn you that my tasting notes include the mysterious phrase "rich beetle juice". Kosta Lazaridis's cheaper Agiorgitiko Red is a big round blend including the rare and ancient Linnio grape.

The wine positively vibrates with warmth and class, whereas Bontari's Agiorgitiko 1994 (£7.99) offers simply warmth, closer to a Chateau Musar-like incarnation of the Mediterranean tradition.

Kosta Lazaridis Amethystos White 1997 at £5.99 successfully combines the Greek Assyrtiko with the white grapes of Bordeaux and the name of its geographical source, up by the Bulgarian border, for once seems to coincide with its effect: Drama.

These wines are all dramatic, and such good value will probably never be seen again. Quality has taken the sort of giant, unfiltered leap forward recently that normally precedes by one vintage a substantial price rise. British readers should snap up these wines at the sort of introductory prices that Oddbins has managed to squeeze out of producers thrilled to have an international showcase. Readers elsewhere should encourage their importers to catch the next Olympic Airways flight.



Harvesting the grapes with the Aegean in the background: Greek wine can often provide a message in a bottle from another age. Clapham

Market monument to edible desires

Sue Style does her shopping in Dijon

The bustling Saturday morning market in Dijon gives a fair indication of the town's single-minded passion for food. Built in the 1890s and recently restored to its former glory, it is an ornate, blue and gold, Eiffel-like, glass-fronted monument to gourmandise. There is almost nothing you cannot buy there – and almost everything is edible.

A chic woman attached to an elegant and capacious wickerwork shopping trolley selects *finer herbes*, oakleaf and other autumnal salads, while a young man in Barbour coat and polished shoes hesitates between a neatly boned saddle of wild boar and a haunch of venison to partner his recently purchased chanterelles.

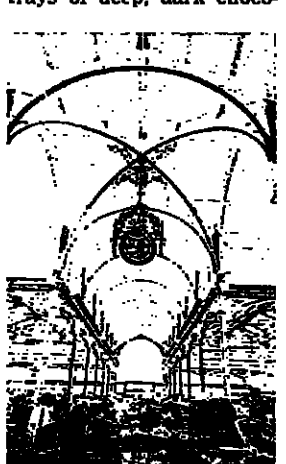
An elderly woman in a headscarf is proffered six brown eggs in a paper bag and a fragrant quince to tuck inside her guinea fowl. A line of shoppers waits patiently at butcher Alviest's for a slice or two of pinkly succulent *jambon persillé*, the jellied and parsleyed ham of which Burgundians are exceedingly fond.

Local chef Jean-Pierre Billouet saunters through, salutes all and sundry and makes a beeline for a stall selling gaily patterned winter squash.

Close by, the Porcheret cheese shop does a brisk trade in Epoisses, a pungent, pinkish-orange cheese cushioned in marc de Bourgogne, and cozy wedges of

Citeaux from the abbey nearby.

At the Comtesse du Barry, in rue des Forges, there are mail-order possibilities for every kind of hamper and speciality, while next door at de Neuville are trays upon trays of deep, dark choco-



The market hall in Dijon: a tribute to gastronomy

lates. Shoppers thread their way through the streets bearing baguettes and precise packages of pâtisserie, held high by their ribbons.

At the annual *Forêt Gastronomique* held this month on the outskirts of town, visitors are assailed with offers to taste charcuterie, cheese, wine, *jambon persillé*, truffles, oysters, coffee, Bresse chickens and gingerbread.

Interspersed with this orgy of consumption are chefs' demonstrations, journalists' cooking contests and chocolate mousse competitions

confined to children and their *mamies* (grannies).

Dijon is even home – appropriately – to the newly formed *Institut Européen des Sciences du Goût* (European Centre for Taste Sciences), scene of animated panel discussions on a wide range of subjects dear to the French heart – and stomach.

Recent hotly debated topics have included: "Can the Pleasures of the Table be Compatible with Good Health?" and "A Taste for Risk or Risky Tastes: Fine Food in an Age of Health Scares."

There are several good restaurants in town, to suit all tastes and purses. Directly opposite the Palais des Ducs at Le Pré aux Clercs, Billouet makes a mean *mezzette d'escargots l'ancienne*, a winey Burgundian stew of snails.

At his more modestly priced Bistrot des Halles, refugees from the market tuck into restorative slabs of home-made pâté and game terrines.

On the Place Wilson young chef Jean-Paul Thibert keeps the Dijonnais on the edge of their seats with foie gras and sorrel sauce, and inspired variations on the duck-with-cassius theme.

So for a pre-Christmas break, take the *train à grande vitesse* to Dijon, follow in writer M.F.K. Fisher's footsteps to the venerable (and recently modernised) Hotel La Cloche and give yourself over – as do the Dijonnais – to the single-minded pursuit of the pleasures of the table.

Where to go in Dijon

■ René Auvet (meat, game, *jambon persillé*), Halles Centrales, tel: +33 3 80 30 56 60.
■ Comtesse du Barry (hampers), rue des Forges, for mail-order catalogue call +33 3 82 67 88 11.
■ de Neuville (superior chocolates), rue des Forges.
■ Fromagerie Simone Porcheret (cheeses) rue Bannelier, +33 3 80 30 21 05.
■ Mulot & Petitjean (gingerbread), 13

place Bossuet and 16 rue de la Liberté, +33 3 80 30 07 10.

■ Au Pré des Clercs (Restaurant Jean-Pierre Billouet) 13 place de la Liberté, opposite the Palais des Ducs, +33 3 80 38 05 05.
■ Le Bistrot des Halles, 10 rue Bannelier, +33 3 80 49 84 15.

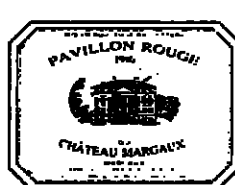
■ Restaurant Thibert, 10 Place Wilson, +33 3 80 67 74 64.

■ Hotel Soifal La Cloche, 14 Place Darcy, +33 3 80 30 12 32.

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Carruades de Lafite
Second wine of Ch. Lafite Rothschild



Les Forts de Latour
Second wine of Ch. Latour



Le Petit Cheval
Second wine of Ch. Cheval Blanc

The 2nd wines of the 1^{er} Crus' tasting case (3 bottles of each 2nd wine)

1996	1996	1996	1996
Margaux Margaux Rauzan-Ségla Issan Giscours Labégorce La Tour de Mons Pavillon Rouge Blason d'Issan Saint-Julien Léoville-Barton Gruaud Larose Saint-Pierre Talbot Beychevelle Gloria Les Fiefs de Lagrange Pauillac Lafite Rothschild Latour Mouton Rothschild Pichon Baron Duhart-Milon-Rothschild Grand-Puy Ducasse Lynch-Bages Lynch-Moussas	Pauillac d'Armailhac Haut-Bages Libéral Clerc Milon Crombe-Monpelet Pichon La Fleur Peyrabon Carruades de Lafite Les Forts de Latour Les Tourelles de Longueville Haut-Bages Averous Saint-Estèphe Cos d'Estournel Montrose Calon-Ségur Haut-Marbuzet Les Ormes de Pez Phélan Ségur Bel Air La Dame de Montrose Marquis de Calon Haut-Médoc La Lagune Cantemerle Citrin	Haut-Médoc, Médoc, Moulis Hautin-Ducasse Janssens Peyrabon Sociando-Mallet Villeranque La Demoiselle de Sociando-Mallet L'Ermitage de Chasse-Spleen Loudenne Chasse-Spleen Poujeaux Fonréaud Mayne-Lalande Pomerol Le Bon Pasteur La Conseillante L'Evangile Mazeyres Petit Village La Pointe Clos René De Sales Vieux Château Certan La Gravelle de Certan	Saint-Émilion Cheval Blanc Canon Clos Fourtet La Gaffelière L'Arrosée Soutard Troplong Mondot Faugères Grand Corbin Despagne Le Petit Cheval Clos Canon Virginie de Valandraud Graves Pessac-Léognan, red Haut-Brion La Mission Haut-Brion Carbonnieux Domaine de Chevalier Fieuzal Haut-Bailly Latour-Martillac Smith Haut Lafitte Picque Caillou Domaine de la Solitude

The (B) signifies that the wines are also available in cases of 6 magnums

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مكتبة الأصيل

PROPERTY

The shock of the new in a stately setting

June Ducas looks at how modern art fits into a country house without becoming a hanging offence

Carved out of an alabaster pillar, standing 10ft high, Jacob Epstein's sculpture of Adam dominates the hall of Lord Harewood's stately home like some latter day colossus. When it was created in 1939, it caused a furore – not least because it was considered indecent, and worse still blasphemous.

Today, it astonishes the visitor to Harewood House, near Leeds. "Adam is particularly well endowed," Lord Harewood admits. But that is not the point.

The hall, with its fluted columns, plaster wall medallions and frieze, framing the ornate stucco ceiling, was designed by Robert Adam, the 18th century architect, in the classical revival style. Modern art in English country houses is simply not the norm.

Yet over the past 400 years, the aristocracy's patronage of the visual arts in their palaces, castles and family seats has resulted in collections that are the envy of the world. In the first half of the 20th century, sadly, that tradition lapsed.

"The close relationship between painters and patrons was virtually suspended with the advent of modernism," says Tate Gallery curator, Robert Upstone. "In Britain, modernism was associated with socialism, even revolution, and greatly feared."

After the second world war, and especially during the past 20 years, Upstone believes that there has been a mini-renaissance in collecting with a few grandees casting their eyes on the contemporary field.

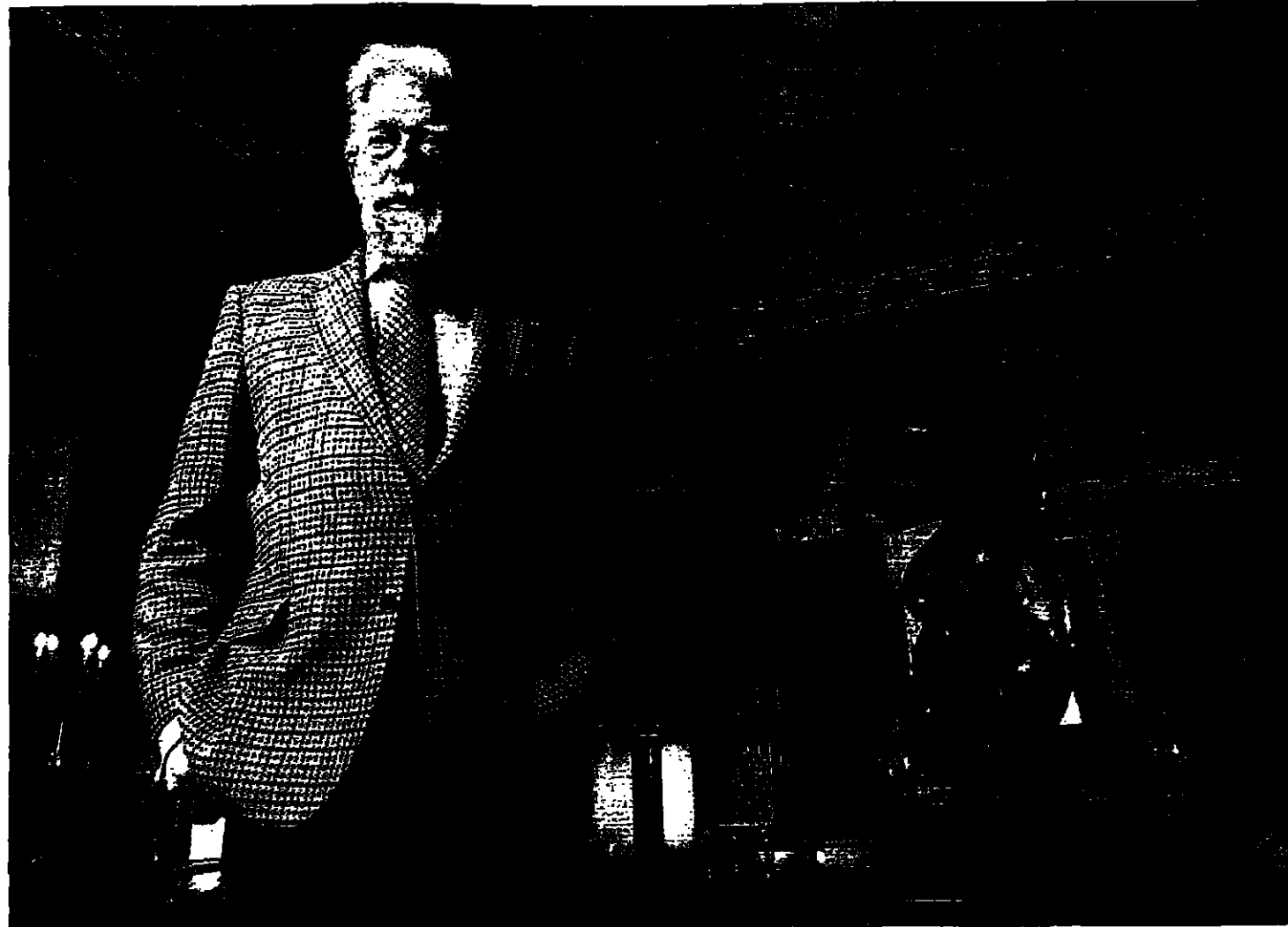
In 1983, when Sir Richard Carew Pole moved to Antony, the Cornish home where his forbears settled in the 15th century and which today belongs to the National Trust, he decided to commission living artists to record its interiors, the surrounding landscape and his family.

"Each generation should make an impact on a house. Otherwise, it stands still," says Sir Richard, a trustee of the Tate Gallery and the National Heritage Memorial Fund. "I invite artists to stay and work here, in a peaceful atmosphere."

A string of them have enjoyed his hospitality: portraitists Peter Greenham and Derek Hill, John Hubbard, a Jerwood prize winner, and Devon-based artist, John Virtue, whose monochrome rural scenes are semi-abstract.

In the garden, he replaced a crumbling statue of a boy holding a dolphin with a sculptural bronze fountain in the form of a cone by William Pye. Having always loved Rupert Brooke's sonnet, "Oh! Death will find me", he asked modern sculptor, Christopher Le Brun, to interpret it visually. Ignoring stylistic conventions that periods and schools should be grouped together, he hung this haunting image alongside two portraits by Sir Joshua Reynolds.

In his sitting room at Chatsworth, the Duke of Devonshire has been even bolder. He has flanked works by Sargent, Bottoni and a Reynolds of Georgiana, Duchess of Devonshire, with Lucian Freud's uncompromising portraits: "They are an acid antidote to the sugary artistry of the other pic-



Lord Harewood with Epstein's sculpture of Adam, that dominates the hall of Harewood House

John Angerson

tures. If I had a Francis Bacon, I would not hesitate to treat it in this way. Provided quality is matched with quality, juxtaposing paintings of different genres can be highly effective."

Introduced to Freud by one of his sisters, the Duke met the painter in the 1960s, before his fame and prices

soared. He values his long-standing friendship with the artist, a man he describes as having "search-light intelligence".

Equally, he has a close rapport with Angela Conner. The bronze heads she has sculpted for him are mainly of his friends, including Freud. However, he lacks

space. The walls of Chatsworth are as crowded as the National Gallery.

At Harewood, the rooms are also crammed with old masters. Yet Lord Harewood, who once ran English National Opera and was artistic director of the Edinburgh Festival, remains acquisitive, taking after his grandmother, Queen Mary. Over the last 40 years, he has made fine purchases: Sickert, two bronzes by Gaudier Brzeska – outstanding examples of modern British sculpture – and a pencil drawing of Schoenberg by Egon Schiele, a controversial Viennese artist in his time. He also owns several striking pictures by Australian artists Sidney Nolan and Arthur Boyd – his wife is Australian.

"I used to keep my modern works in London," he remarks. "At the suggestion of my daughter-in-law, who is a painter, I redeployed them at Harewood, since the collection stopped in 1939." So why is modern art so poorly represented in historic houses? One reason is that die-hard traditionalists are still wary and dismissive of the avant-garde. And purists judge that art in a building should be of the same period as the architecture.

But the Tate's Robert Upstone would disagree. "At Rockingham, 20th century pictures look wonderful on Tudor panelling," he says. "Indeed, they look far better than in an antiseptic white cube gallery."

Certainly, visitors to Burton Agnes Hall, an Elizabethan mansion in Yorkshire, appreciate the Impressionist and Post-Impressionist works – by Cézanne, Pissarro, Gauguin, Derain and Georges Rouault – displayed in a barrel-vaulted long gallery. "Modern pictures take their place very successfully in an ancient setting," wrote the late Marcus Wickham-Boytton who collected them in the 1930s.

Sir George Labouchère, another man of vision, collected 20th century painting and sculpture during the 1930s and 1940s when he was British ambassador to Belgium and Spain. "I thought that abstract art was the most important and exciting trend in art since the Impressionists," he says. "I wanted to acquire works of high international repute."

He did, buying Henry Moore, Barbara Hepworth, Dubuffet, drawings by Modigliani and Matisse. He shows them at his home, Durdston Hall, Shropshire. However, before deriding the nobility for narrow horizons, there are mitigating

factors. In the late 19th century, blue-blooded families, tied to the land, found their fortunes dwindling as agriculture slumped and industry thrived.

In order to survive, many sold off valuable objects, mostly bought by the rising middle classes. Impoverished, they are today saddled with a house and a constant battle against the perils of leaking roofs, dry rot and antiquated plumbing. Art is not on their shopping list.

"Two wars finally eroded the power base of the landed classes," says 47-year-old Lord Windsor, who revelled in the explosion of artistic talent during the 1960s and is now a patron of the Contemporary Arts Society. "Country homes used to be salons for painters, playwrights and musicians. Now young artists won't go north of the M25. They like to feel the pavement beneath their feet."

Lord Windsor's home, Oakley Park – remodelled in the 1800s by architect G.R. Cockerell in Hellenic grandeur – is in Shropshire. "It is a pity people aren't more adventurous," he remarks. "The English country house has always evolved. I don't want to leave mine set in aspic."

■ In Celebration: The Art of the Country House marks the 25th anniversary of the Historic Houses Association and is a collaborative exhibition with the Tate Gallery, London. It runs at the Tate until February 28.

Gems behind the façade

Gerald Cadogan on the grandeur within some great stately homes

To describe the great country houses that have long been a glory of Britain and Ireland as stately homes is boring – because it speaks only of class.

These grand houses had a far wider impact. As centres of the local economy, they provided jobs for ploughmen, gardeners and farm labourers. Farming produced the wealth to build the houses and, after the Industrial Revolution, so did mining, quarrying, metal bashing or making noxious chemicals.

Country houses were also the centres of local justice – the squire was usually on the magistrates' bench – and the general management of rural society, including the church. And, despite their occupants' devotion to field sports and horse racing, they often housed fabulous art collections, as a small but delightful exhibition at London's Tate Gallery makes clear.

It celebrates the quarter century of the Historic Houses Association, the advisory-cum-lobbying group (and virtually a trade



A 1790s property brochure: Humphry Repton's pop-up Red Book for Courtenay Hall

union) for private owners of historic houses, castles and gardens, whether open to the public or not.

The show is an enticement to visit the 60 houses, almost all of them open to the public, from which the works come. Besides a fair number of sporting and racing scenes (including Stubbs' "Gimcrack"), landscapes, portraits and miniatures, there are some gems.

Chatsworth has lent a wonderful quietly erotic drawing of Leeds and the Swan by Leonardo and a superb early Lucian Freud in oil on copper of Elizabeth Cavendish.

Some of these houses were important seats of learning, as a Kneller from Stanton Harcourt Manor shows. He paints Pope, who worked on his translation of The Iliad in the house, resting his elbow on a

volume of Homer and looking thoughtful.

Humphry Repton's pop-up Red Book for Courtenay Hall is another treat. Bound in red leather, it is a 1790s property brochure, to show clients how their garden will look after he has landscaped it. That, too, is still in the house it was made for.

Two other choice pieces bring you up sharply. From Berkeley Castle comes a life

mask of Charles I, taken from the bust Henrietta Maria commissioned from Bernini, and from Bowood House a death mask of Napoleon.

If the queues look too long at the Tate for John Singer Sargent, you will not regret seeing this exhibition instead.

■ For further details of the Historic Houses exhibition see the footnote to the article above.

On the Move

At home beneath the fish pond

One of London's most expensive mews houses is for sale, writes Gerald Cadogan

What must be London's most expensive mews house is on the market in Holland Park Mews, W11, where De Groot Colles (0171-255 8900) and Portons (0171-616 7000) ask £11.2m for The Old Stable. But it is a highly unusual property.

Listed grade II*, the house started life in 1766 as a coach house and resting place outside London on the heathland of Notting Hill. In 1850, Lady Augusta Holland, of Holland House, turned it into a studio-cum-folly, while keeping the stabling – and put a covenant on it that prevented it being altered for 99 years. Today, it still has the old brick and stone stable floors.

Set in the drawing room ceiling is an illuminated glass-bottomed goldfish pond, which brings light into the room. A trip to the first floor reveals this pond to be part of a large roof garden which, because of the slope of the land, is almost at street level.

Old mulberries

Equally exotic, but much larger and two-thirds of a century older, is 20 Cheyne Row, London SW3. It is a Queen Anne house although

three mulberries in the garden are older still, and must date from the 17th century when mulberries were planted to supply an English silk industry. Besides 11 working fireplaces and two Jacuzzis, the house boasts a large studio drawing room added in the early 1900s, ideal for parties. The freehold price from Aylesford (0171-351 2383) is £3.75m.

Hackwood sells

At last, 14 months after coming to market with an asking price of between £15m and £20m, Hackwood Park on the edge of Basingstoke has been sold. But two other properties in the country house superleague are still sticking: Luton Hoo and Mentmore Towers.

The 2,437 acres of the Hackwood estate are a garden of delights. The house is listed grade II* and dates from 1683. It features Spring Wood, probably the best early landscape garden in the country, and a large walled garden, a deer park that has had deer since 1280, a beautiful cricket pitch and masses of farmland.

The selling agents for the executors of the late Lord Camrose were Knight Frank and Simmons & Sons of



A pond in the ceiling: the drawing room at The Old Stable

Basingstoke. About 100 beneficiaries will share the proceeds.

Natural beauty

If the beauty of Hackwood is man-made, albeit over centuries, a cheaper alternative is to buy in a designated Area of Outstanding Natural Beauty such as the Looe valley in Cornwall.

Above the East Looe River, a pair of semi-detached cottages, virtually hidden in 6.5 acres of land but with views up and down the Looe valley, is for sale

from Miller & Son in Liskeard (01579-344401). One cottage has been restored, the other still needs attention. The price for the two is a mouth-watering £139,950.

Sporting offers

Premier sporting estates are for sale in Scotland. Through Finlayson Hughes in Inverness (01463-224843) and Knight Frank in Edinburgh (0131-225 8171), Lady Pauline Ogilvie-Grant Nicholson, sister of the Earl of Searfield, is selling two neighbouring estates

Regatta Point

Regatta Point, formerly a derelict building by the Thames in Brentford, has been developed by Frendcastle into 56 flats. Prices range from £125,000 for studios to £600,000 for penthouses. More than 80 per cent of the units have been sold. To see the rest, call Frendcastle on 0181-878 7765.

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TRAVEL

Skiing

The freeriders' revolution...

...is coming to a resort near you. Doug Sager on why it's really great to be a skier again

This is the winter skiers take back the slopes – and, more important, to manufacturers, the shops. For the first time in a decade, since snowboards first made their distinctive broad swathes across slopes, skiing is the coolest thing. The industry, where skier visits for North America have remained essentially static for the past 10 years, is ecstatic.

Resort managers, fearful that snowboarders would grow up and abandon snowsports altogether, are smiling again. The reason is the freeride revolution. It is a new style of skiing, with new shapes of skis, new fashions and new heroes. Freeride is a fusion of the snowboarding ethos, with echoes of old style "extreme" skiing, and all the "attitude" you can imagine.

Free skiing became official two summers ago when the world's top stunt skiers and competitors from the World Extreme Skiing Championships in Valdez, Alaska, got together at Crested Butte, Colorado, and voted to abandon the word "extreme" and replace it in their lexicon with "free".

They founded, in the process, the first freeride world body. They felt that the term "extreme" derived from first descents of exposed peaks steeper than 60 degrees, had become overused and inappropriate. The new philosophy, articulated and expressed by cult hero and World Extreme champion Shane McConkey, is to "ride" the entire mountain

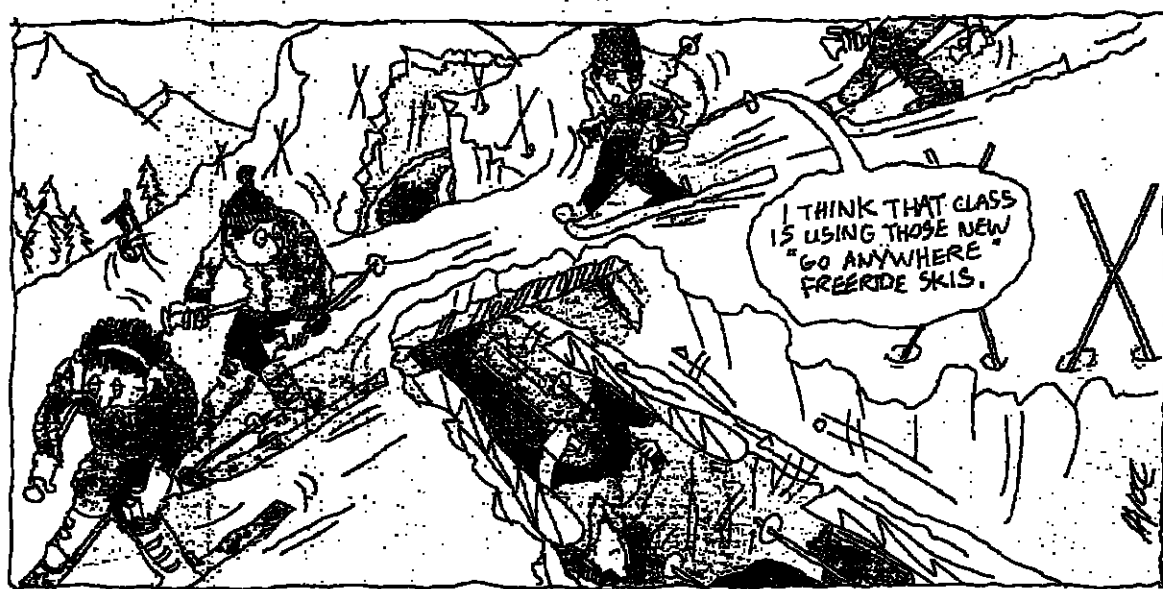
at speed while carving deep, precise arcs.

The skier expresses his personality and freedom by skiing everywhere – not just on a race course or in a couloir. All right for the experts and crazies, but what has this to do with the recreational skier? The most important aspect of the freeride revolution is that for the first time in skiing, both the technique and the tools are made for the masses.

For decades recreational skiers have been forced to use shapes which were detuned versions of racing skis. These skis were longer, stiffer and harder to turn than freeride models. Ski schools taught techniques derived from racing, difficult and inappropriate for the holiday skier. Everyone suffered.

The surge to snowboarding was in part fuelled by how easy it was to learn, compared to "old-fashioned" skiing. But now skiing has surpassed that ease of technique by literally cutting away parts of the ski to make new shapes which enable easier turning.

Ski school lessons should become shorter, as are skis. Someone who skied on 200cm (80in) racing skis can



now move down to a more comfortable 183cm (72in) to 187cm (73½in) length. Kevlar, carbon and titanium are the new materials turned into new shapes which allow even intermediates to ski at speed with security.

They also allow ordinary skiers to carve turns instead of sliding them. Previously you needed the thigh muscles of a Schwarzenegger or the technical expertise of a Tombo to carve a turn properly. Very fat skis, such as

the Atomic Powder Plus, used almost exclusively for deep snow, helicopter skiing, appeared some eight years ago. Then came the carving ski, about four years ago. The carving ski was cut away underfoot, introducing a very thin "waist" to the more traditional straight profile of a racing ski.

Freeride skis are a marriage of fat and carving designs. The tip of a freeride ski is very broad, as are the tails. But the underfoot

waist section is very narrow. What this means for the ordinary skier is that instead of having to use considerable force and balance to bend the ski into an arc, to carve a turn, now all he or she has to do is tilt the ski on its edge.

The turn is built into the ski. Racers ski only on ice-hardened chemically prepared pistes; recreational skiers ski all over the mountain. With the off-piste skiing fad of the past decade,

holiday skiers are encountering all sorts of difficult snow conditions, not least old, chopped-up powder snow known as "crud". Freeride skis thrive on crud. They blast through it, giving the recreational skier a feeling of control and power.

On ordinary skis, one is normally bounced around and fighting for dear life in the crud. As proof that freeride is not for experts only, Dion Taylor, equipment director of ski specialists

tain. Freeriders concede nothing to snowboarders. In fact, some snowboarders are already making the crossover to skiing. The transition is eased by the similarity of freeride and snowboarding styles. Put side by side, two freeride skis have almost the same surface area as a snowboard. They also "float" like a snowboard in powder.

Freeriders claim they can do anything snowboarders can, and better. Snowboarders used to be able to jump higher and land without falling. But now the wider skis allow freeriders to jump just as much "big air" as shredders, as snowboarders are called.

Where the snowboard mantra was cool, freeriders have adopted the term "sick" as their ultimate accolade. "Really sick air" is a jump which wins admiration. Like snowboarding, freeride is an inclusive movement, devoid of the snobbery one finds among more traditional skiers, especially the off-piste elite who trade tales of colour and one-upmanship. Although freeride does reverse its cult heroes, the point of the new approach is that it makes skiing everywhere easier for everyone, and more fun.

Freeride is coming this winter to a resort near you. The top freeride resorts in North America are Whistler, Jackson Hole and Squaw Valley. In the Alps, the top choices are Chamonix and Verbier, with freeriders also hanging out in the cult centres of La Grave, France, and Alagna in Italy.

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and a very heady

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TRAVEL

City Break

Airs and some provincial graces

Antony Thorncroft finds the charms of an unspoilt Besançon are a very heady experience

In a corner of Besançon, just down from the great triumphal arch erected by Marcus Aurelius at the end of the 3rd century AD, two 18th century houses face each other. They both sport plaques, one commemorating the birthplace of Victor Hugo, creator of *Les Misérables*, the great 19th century novel; the other that of the Lumière brothers, inventors of the great 20th century art form, the cinema.

Coming across them in Besançon seems appropriate, for this is a French city more experienced in exporting famous men than in receiving visitors. The capital of Franche Comté, huddled around the Doubs river and surrounded by the foothills of the Jura mountains, is virtually unknown to tourists, which adds immeasurably to its charm.

A long weekend foot-stepping celebrities can be a heady experience. Hugo, the Lumière, and the revolutionary Prudhomme, another son of the city, get fairly short shrift, but just out of town are museums devoted to two more local heroes, who were just as revolutionary in their way. Pasteur, the great biochemist, and Courbet, who, by painting people of the day, and of the soil, transformed 19th century art.

The Pasteur museum is at Arbois, a few miles to the west of Besançon. Here, in a simple family house by the river, he spent his summers; here he conducted the experiments which demolished the theory of spontaneous generation.

The house descended through the family and is unchanged from Pasteur's day, even down to the basin and the bath, unprecedented for the 1870s, that he installed. As the great foe of bacteria Pasteur never shook hands and had a cleanliness fetish. His laboratory, advanced for his day but now quaint in the extreme, still contains jars with chemicals mixed by Pasteur.

His career as a chemist began with work for the local wine makers: Arbois is the centre for the wines of the Jura, very distinctive, cultishly rare, and ready for tasting at the wine museum in the Château Pécauld in the centre of town.

Just to the east of Besançon, on the way to nearby Lausanne, and Switzerland, is Ornans, the home town of Courbet. His birthplace is his museum, hard by the swiftly flowing Loue River, but his studio was the surrounding countryside where the wild ravines and limestone crags of his art come to life.

As you rise up the valley you come to the source of the Loue, the river cascading out of a vast cavern in the hills, landscape painting in



Arbois near Besançon: here, in a simple family house, Pasteur spent his summers and conducted his experiments

as one of the greatest of architects, the inspiration of Le Corbusier and every architect who believes that through buildings you can improve the moral condition of humanity.

The feeling of independence was well demonstrated by the resistance

The master's house, with its chapel, tells the history of salt production, but of wider appeal is the museum devoted to Ledoux, with 60 models created from his designs for the perfect city, conceived when a prisoner of the Revolution. Evoking a

totalitarian utopia, they are beautiful, creepy and ultra-modern.

Franché Comté remained independent of France, an autonomous province of the Spanish throne, until the late 17th century. It still has an un-French feel; central European dishes such as pork and cabbage feature on its menus, along with river fish, game and many local cheeses; its people are smallish, reserved, rural. Its feeling of remoteness, of independence, was well demonstrated during the second world war when it mounted one of the biggest resistance movements to the Germans.

The fate of its patriots is given harrowing prominence in the museum of the Resistance and deportation, one of the many museums in Vauban's vast citadel, constructed on the hills above

Besançon after the fall of the town to France, and one of the most forbidding fortresses in Europe. Now it is devoted to collections of local history, and the age of Vauban, as well as an extensive range of rooms given over to images of the second world war.

What makes the experience even more unsettling is the knowledge that the citadel contained thousands of prisoners during the war and was the site of executions. After the heart-wringing displays distraction is needed, and is instantly provided by such adjacent attractions such as an insectarium, a nectarium, and an unlikely zoo, containing two large, healthy-looking tigers, unexpected prowlers on the edge of the mountains.

All this and Besançon, too. The old town, in a loop of

the river, is mainly 18th century, or earlier, and contains many grand buildings erected by the French to demonstrate their power.

Along the river is a row of quaint arcaded merchants'

Besançon is happy with its affairs, a copybook provincial capital

houses and nearby is one of the best provincial art galleries in France. Besançon is happy with its own affairs, a copybook provincial capital with the airs of an important place and just enough graces.

It boasts just one three-star hotel, the Castan, a converted mansion overlooking a partly excavated Roman site, with plenty of recovered columns to prove its ancient significance. The Castan has a handful of grand rooms, each evoking a different decorative style - Pompeii, for example, contains a vast Jacuzzi in a bathroom, with a television, located down a staircase beneath the canopied bedroom.

■ *Besançon is far from any major airport, but these days is comfortably accessible by train. For travellers from the UK it is just two hours from Waterloo to Lille by Eurostar; then another 3½ by TGV to Besançon. (Call 0890-848 848 for details.)*

■ *Maison de La France in London has details on the Franche-Comté region (tel: 0891-244 123) and Besançon tourist office can be contacted on +33 81 80 92 55.*

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FINANCIAL TIMES
No FT, no comment.

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GARDENING BOOKS

We owe much to good garden writing. We would not be flocking to Sissinghurst today if Vita Sackville-West had not written so honestly and amusingly about her gardening trials and tribulations. It is unlikely we would have heard of East Lambrook Manor in Somerset if the late Margery Fish, a former Fleet Street journalist, had not written about her garden. Thirty years ago her advice to gardeners was "to strive for a natural effect and aim at producing in the garden what nature does outside, but with cultivated plants", which is as relevant now as it was then.

Neither writer was interested in textbook gardening but each made sure her garden, like her writing, was to be enjoyed.

Most British garden writers have been influenced in some way by the prolific writings of Gertrude Jekyll and William Robinson, but by the 1980s a new breed had emerged. Designer Russell Page took garden writing a stage forward with *The Education of a Gardener*, published in 1962. Trained as a painter, Page

Philosophy, anecdote, enjoyment

There is more to garden writing than how to prune a plum tree, says Rosie Atkins

designed gardens around the world, drawing on local traditions and the surrounding environment. There can hardly be a garden designer who has not found this book an inspiration, but unlike Sackville-West and Fish, his own garden was a small London backyard.

Today the most authoritative gardening writers tend to be plantmen, such as the venerable Graham Stuart Thomas, rather than garden designers. The inimitable Christopher Lloyd's opinions are as thought-provoking as the FT's own Robin Lane Fox, and both have dedicated followings. I've heard garden owners talk as if they were about to receive royalty when expecting a visit from either of these gurus.

However, designers may be making a comeback. *The Essential Garden Book* (Conran Octopus, £30) by Dan Pearson and

Terence Conran went to the top of the horticultural bestseller list earlier this year and John Brooks' *The New Garden* (Dorling Kindersley, £16.99) is a good example of the genre.

I first joined the ranks of the gardening press in the early 1980s - not easy when regular columnists never considered retirement. I was grateful for the generosity and encouragement of the late Arthur Hellyer, who was still writing for the FT when he was 90, and I remember the legendary Xenia Field, who died in January aged 103, having written for the Daily Mirror for nearly 40 years. She claimed her gardening advice column boosted the paper's circulation to an astonishing 5m in the 1960s.

As a gardener I had been greatly influenced by reading Penelope Hobhouse, Rosemary Verey and Beth Chatto and Anne Scott-James. As a journalist, I

have also been eternally grateful to the late Chris Phillips, who co-edited the gardeners' bible, *The Plant Finder*, now selling 40,000 copies a year. How did gardeners and those who write about them ever manage without it?

Publishers are always seeking out writers who will point the way forward

Yet not all gardening books are so useful. Indeed, I often wonder how so many badly produced books got published. This year I have seen at least half a dozen guides to *feng shui* in the garden, warning us against very

obvious pitfalls, such as planting a tree directly outside the front door.

It is also fascinating to compare books published in Britain with those from North America, where they seem happy to accept gardening books without pictures.

Michael Pollan's wonderful book *Second Nature* is an immensely readable first-hand account of his gardening adventures in Connecticut, which promotes the idea of the garden, rather than the wild, as the place for rethinking our relationship with nature. Pollan admits to having been influenced by Henry Thoreau, who was writing about living in a cabin in the woods in Massachusetts at much the same time as Gertrude Jekyll was writing about creating gardens in the home counties.

The British can write exceptional non-illustrated gardening

books, too, and one day I am sure Mirabel Osler's volumes will become classics. She prefers philosophy and anecdote to bombarding the reader with photographs of aspirational gardens.

Her first book, *A Gentle Plea For Chaos*, and her most recent, *A Breath From Elsewhere*, stand out as rare gems of social observation. Osler is just as impressed by an old piano in the garden as by a hidden tape recorder inside playing Winifred Atwell as a bed full of the most luxurious herbaceous plants.

Although books stand the test of time, often it is the newspaper articles and gardening magazines that are quickest to spot a trend. As editor of *Gardens Illustrated*, I have always believed gardeners want to see a garden well-photographed and well-captioned, so readers can decide whether they like it and why.

They also want to read about a garden in a way that gives pleasure and provides valuable factual information.

Literature and gardening are inextricably linked, whatever the moment in time. Editors, publishers, historians, designers and gardeners are always seeking out writers who will point the way forward, both in creating our own private gardens and invigorating our public spaces.

I am delighted that garden writing is no longer just concerned with what to plant where and when to prune your plum trees. The 300-strong Garden Writers' Guild is dedicated to improving standards in writing, giving awards for the best gardening journalism throughout the media.

Much as it is good to applaud excellence, it is worth remembering the gardening press will always depend on the goodwill and generosity of the people who create the gardens and maintain them. Thankfully, gardeners have always had a great capacity to share their horticultural fantasies with a wider public.

'Red spells passion, power and pizzazz'

Martin Wood uncovers his likes and dislikes from this year's crop of releases

COLOUR BY DESIGN

Planting the contemporary garden

By Nori and Sandra Pope, photographs by Clive Nichols
Conran Octopus, £25, 160 pages

In 1990, surveying with baleful eye my first attempts at creating a garden, a noted plantsman declared: "I really don't think you should plant anything else until you have seen what the Pops are doing at Haddspen."

In moving to Haddspen in Somerset from Canada in 1987, the Pops brought adventure and style to what is often a prosaic English gardening scene. Within three years their double yellow border had marked their distinctive approach to planting. They have gone on to apply their ideas using different colours around the walled garden.

This book is a cracker. Clive Nichols confirms his reputation as one of the world's leading garden photographers. The design of the book also deserves mention. Vanessa Courtier has laid out the photographs and text in a way that helps one to inform the other and has made an exceptionally attractive volume.

It is a good read: "Red spells passion, power and pizzazz." "Please note that very often white flowers die badly." "The goal of the perfect lawn was not worth the quest - it is time to abandon it." "At the beginning of their gardening lives, people worry too much about making mistakes; in time they come to realise that the mistakes are all part of the learning process."

The plant directory can be excused on the grounds that it is a description of the plants which make up the dramatis personae of the text rather than a random selection, but it does not add to the book. If it encourages imitation, that will be at the expense of inspiration which is the real message of the text.

One of the most immediate effects of using plants within a narrow range of colour is to emphasise the importance of differences in scale and texture between plants. It was at Haddspen that I learnt not to be afraid of introducing really big plants in a way which allows smaller species to thrive beside them. In the same way, by focusing on their central theme of colour the Pops shed more light on the secrets of using scale and texture than might have been achieved by trying to deal with these subjects separately.

Sadly, no book can provide one with colour sense. Either one has it or not. For those of us who do not we will always have to rely on our friends. What this book can do is help us all towards a better understanding of the effect of colour.

Taking colours in turn, the Pops set out the characteristics of each and then the use they have made of it in their garden at Haddspen. They mount a spirited defence of orange which suggests a real enthusiasm for it; well, every colour ought to have its defenders. Tantalisingly, they avoid "black", the most fascinating "colour" of all.

This book will attract a far wider readership than gardeners and plantmen alone. It offers an account of the place of colour in design which will delight anyone with creative flair. It is not just my gardening book of the year - it is my book of the year.

CLASSIC PLANTING

By George Plumptre, photographs by Tony Lord
Word Books, £25, 160 pages

George Plumptre is one of our best gardening writers with good



Christopher Lloyd's vibrant plant associations at Great Dixter, from 'Classic Planting'

books to his credit. But this is not the best of them. True he, Tony Lord and the other contributing photographers have been let down by a dull layout and indifferent photographic reproduction.

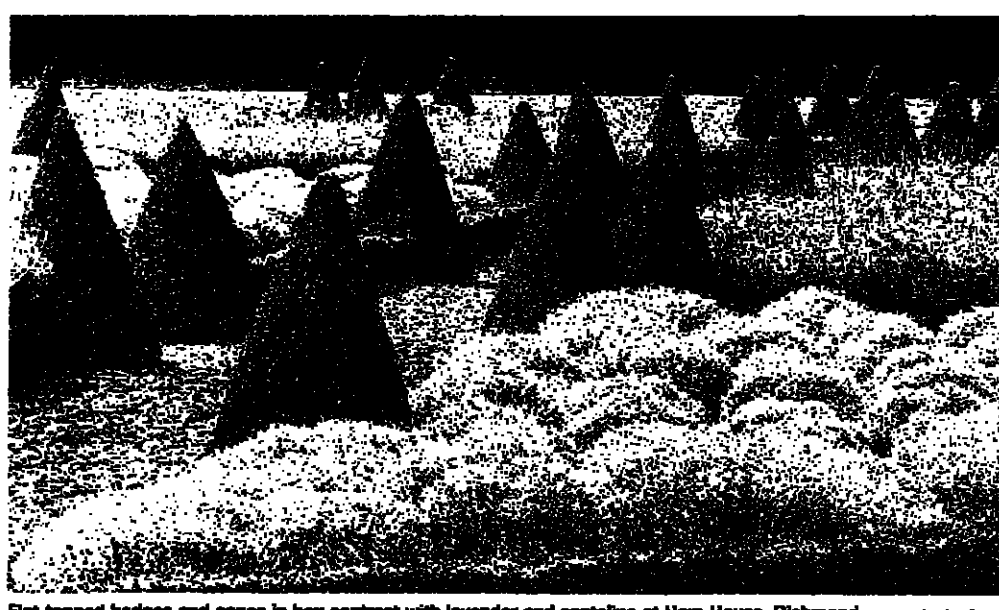
It is not an eye-catcher, but what of the substance? The book promises "to take the reader into the gardens of expert gardeners to see how they achieve the stunning effects that make their gardens famous." George Plumptre recites the words and works of a litany of gardeners, most of whom have written prodigiously about their own gardening, and adds his own descriptions.

The book does not set out to be a critique of late 20th century garden planting so one cannot complain that it has a fairly narrow focus and does not stray far beyond what might be described as the gentleman's country garden.

What I did not find was some insight into the real differences in the approach of those whose work is featured; *Classic Planting* conveys a degree of consensus which seems unlikely when one considers the distinctive style of some of their gardens. At the very least, photographs of the owners, perhaps with their gardening partners and helpers, and wider shots of their gardens might have shed a little more light on the context in which they have done their planting. A word or two about their individual prejudices would have lightened, and strengthened, the text.

Beth Chatto is quoted as saying: "The way you group plants together is the whole essence of gardening." When put that way, gardening sounds easy but most of us have to work hard to have ideas of our own and often end up borrowing them.

Seen as a catalogue of plant associations the book does succeed. I am off at once to find some Cyclamen Coum and snowdrops to bolster the slowly spreading patch of aconites under my walnut tree. I shall look again at whether I can find a place for *Chioysia Ternata*. For those and other thoughts, thank you, Mr Plumptre.



Flat-topped hedges and cones in box contrast with lavender and santolina at Ham House, Richmond

KNOT GARDENS AND PARTERRES

By Robin Whalley and Anne Jennings
Barn Elms, in association with the Museum of Garden History, £25, 160 pages

The achievement of this book is to lift the subject out of the narrow confines of Renaissance history and put it into a broader historical and horticultural context. In the first part, Robin Whalley traces the history of the knot from the designs of Sumerian seals of the third millennium BC through early Christian art to the introduction of the knot garden in the 16th century.

He then moves on to give a concise but absorbing account of the fortunes of knot gardens and their successors, parterres, from 1485 to the 1936 design by Geoffrey Jellicoe for Ronald and Nancy Tree at Ditchley Park.

In the second part, Anne Jennings, the garden curator of the Tradescant Trust and the Museum of Garden History in Lambeth, south London, writes of how to make a knot or parterre today, with an especially useful chapter on the designing

of intricate patterns. The text of both sections is filled out with good illustrations of restored and new planting.

This is a subject which has been overlaid with much erudition. In her forward, the Marchioness of Salisbury reminds us of how a great heritage of Renaissance gardens was swept away by the landscape movement in pursuit of a return to nature.

In 1978, Sir Roy Strong in his masterly *The Renaissance Garden in England* was driven to write: "Where, in fact, can we go and see these gardens today?" The answer unfortunately is nowhere. It is not surprising, therefore, that for many years the study of knots and parterres was largely confined to the historian, and people such as Lady Salisbury who sought to revive gardens appropriate to the houses in which they lived.

Given that most gardens thrive on revision and replanting, perhaps the greatest loss has not been of the Renaissance gardens themselves but of the skills needed to design and maintain knots and parterres in later generations.

This book marks a revival of interest in these skills. Knots and parterres with their patterns,

containment and symbolism offer a broad canvas for contemporary expression. As the authors quote from Stephen Blake's *Complete Garden Practice* of 1664: "Those that may be invented by yourself... may please your fancy better than mine."

Sir Roy would now be able to record some significant examples of garden restoration and perhaps warn to contemporary use of symmetry in garden design.

For those whose interest is fired by this book, *The European Boxwood and Topiary Society* (UK membership secretary, Shannon Cramer, 0171-731 5099) provides information and encouragement.

PLANTED

By Andy Sturgeon, photographs by Lorry Eason and Michael Wildsmith
Hodder & Stoughton, £20, 208 pages

Andy Sturgeon has all the enthusiasm and prejudice of youth on his side. In *Planted*, he offers an unashamedly urban view of gardening. The presentation of the book promises a great effusion of ideas, but for all the bluster I

think it is thin on content. His populist refusal to use the botanical names of plants has all the usefulness of chancellor Gordon Brown turning up at the Mansion House Dinner in a lounge suit.

The cover proclaims him as a man who calls a papaver a poppy; which one does he have in mind, and what of those poppies that are not papavers? Garden centres which are, to my surprise, strongly promoted by the book do not tend to offer plants ranked by their common names.

Reading this book gave me the hollow feeling I get from New Politicians. They do not seem to respect the poor, they will learn. I am not convinced from his book that Sturgeon yet respects plants; he will. I can understand why he rages furiously against some, but I am not sure that I understand why he likes some of the others. I leave you to judge.

Of all the glorious company of salvia none rates his approval under the topic of herbs and only one, the relaxed *Salvia argentea* (no common name offered) has a passing mention as a decorative plant; and then as being similar to a mullein. Well, well.

The book contains entrancing photographs, the point of which is often lost. Is the patient grey gelding a reminder of the value of horse-manneur, a tribute to the value of the poor creature as blood and bone, an example of the best means of disposing of an unwanted garden, or evidence of the depressive consequences of losing equestrian manhood? What is the child doing in the compost bag? Why the cupulating damselflies?

The picture editor has fallen into the trap of setting aside the context in favour of finding an effect. I wonder what the girl eating the apple across pages 150-151, really looks like, as you may wonder about many of the plants seen in equally short focus. And yet I enjoyed the book, if only because it forced me to ask these questions.

I hope we shall hear more from Sturgeon and I suspect we shall hear better. May he seek to blow away a few more cobwebs in his time.

COLLINS COMPLETE GARDEN MANUAL

Consultant: Adam Pascoe with David Stevens, Anne Swithinbank, Sue Phillips and Andi Cleverly
HarperCollins, £24.99, 335 pages

Of course, if you really want to find a book which takes the mystery out of gardening, turn to a good gardening manual.

For many, gardening is an exercise in fixing breakdowns in what they would wish to be the natural order. Their gardens are worlds in which friendly plants are assassinated either by their neighbours (read that as you will) or by disease or insects - worlds in which the restless year unravels the work of the most diligent plantsman. As weekends loom, they reach not for inspiration but some quick fix to see them through to the next season, and out of the house.

Collins Complete Garden Manual takes its place on shelves which already groan under the weight of practical guides. Many of these are good. The one you are probably that which best deals with the gardening topics in which you are most interested. If when you search through the available titles you do not have a particular preference, you will not be disappointed by this one.

It does underpin confidence when publishers claim a book to be "complete" and the "only garden book you'll ever need" when the text makes no such claim.

This book is made up of five contributions from a strong team of writers, each dealing briefly with a particular subject: Garden Planning and Design, Best Plants for Every Site, Gardening Practice, the Kitchen Garden and the Gardeners' Calendar. The strength of each section lies as much as anything in the restraint shown by the authors in not trying to cover everything.

Adam Pascoe has marshalled as helpful a general guide as you will find. One subject which might have attracted some mention from the contributors is the value of a knot or a parterre (see above). The book focuses on smaller, contained and generally rectangular gardens, which most people have, and to which both are especially suited. The closest we are taken to the possibilities they offer is the photograph introducing David Stevens' well-written section on Garden Planning and Design, which shows the powerful effect of dwarf hedging and topiary in a small garden.

It would be helpful if manuals of this kind identified the gardens where photographs of the grouping of plants had been taken. For the avid gardener, the location of the photographed garden will usually tell them in an instant whether the effect they see in a book is achievable on their own patch.

For me, the best contribution is from Anne Swithinbank who puts her approach in context with these words: "With thousands of cultivated plants from which to choose, selecting those to suit us and our gardens presents a real challenge. This section identifies different sites and situations for which I suggest some of my favourite plants."

The personal view she gives is a broader and more informative choice for the inexperienced than some.

My criticism of partial directories is that they tend to focus the public mind on a limited range of plants which, over time, gives many gardens an inevitable but avoidable sameness.

Having tried out the useful examples of plants and gardening methods given in this book, gardeners will find that they need many more books if they are fully to explore the potential of plants to give pleasure.

What's on around the world

ADELAIDE

AMSTERDAM

BARCELONA

BOSTON

CHICAGO

COLOGNE

COPENHAGEN

DUSSELDORF

INTERNATIONAL ARTS GUIDE

What's on around the world

ADELAIDE

OPERA
State Opera of South Australia
The Ring: second cycle of Wagner's opera. Performed in Australia for the first time since 1913. The Ring is conducted by Jeffrey Tate and includes Janis Martin among the cast; to Dec 4

AMSTERDAM

EXHIBITIONS
Rijksmuseum
Tel: 31-20-673 2121
● Shokudo: display of Asiatic objects highly popular in Europe and imported in large quantities by the Dutch East India Company. Mainly they were luxury goods such as sword hilts and tobacco boxes; from Nov 28 to Apr 5
● Van Gogh in the Rijksmuseum: during the period of the Van Gogh Museum's closure for renovation and building work, a selection of its finest holdings will be exhibited in the Rijksmuseum's South Wing; to Mar 7

Stedelijk Museum
Tel: 31-20-5732911
www.stedelijk.nl
Bill Viola: 25 Year Survey - A Video Journey: major survey of work by the American video artist. Includes more than 15 installations and 20 video tapes, as well as sketches and notes; to Nov 29

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
The Rake's Progress: by Stravinsky. Conducted by Reinbert de Leeuw in a staging by Peter Sellars. Cast includes Donald McIntyre, Thomas Randle and Willard White; Nov 29

BARCELONA

EXHIBITION
Fundació Joan Miró
Tel: 34-93-329 1908
www.bcn.fjmiro.es
Magritte: an exhibition celebrating the centenary of René Magritte's birth. It contains over 90 paintings and 50 photographs by the Belgian Surrealist, which are grouped into 5 recurrent themes from his work; to Feb 7

BOSTON

EXHIBITION
Museum of Fine Arts, Boston
Tel: 1-617-267 9300
Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life. Beginning with paintings of the garden at Giverny, the show concludes with five of the monumental water lily paintings that Monet called Grandes Décorations; to Dec 27

CHICAGO

CONCERTS
Orchestra Hall
Tel: 1-312-443-3000
www.chicagosymphony.org
Chicago Symphony Orchestra: conducted by Pierre Boulez in the world premiere of Thomas's Orbital Beacons, and in works by Debussy. With the women of the Chicago Symphony Chorus conducted by Duain Wolfe; Nov 28; Dec 1

EXHIBITIONS
Art Institute of Chicago
Tel: 1-312-443 3800
www.artic.edu
● Art and Archaeology of Ancient Mexico: more than 200 works, including terracotta figures found in tombs, and findings of recent excavations. Many of these objects have never before been publicly exhibited; to Dec 6
● Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, Darwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition will travel to San Francisco; to Jan 3
● Mary Cassatt: Modern Woman. 125 paintings, drawings and prints by the only American invited to exhibit in the Impressionist exhibitions in Paris. The show will travel to Boston and Washington in 1999; to Jan 10

COLOGNE

OPERA
Oper der Stadt
Tel: 221-221 9400
Die Vögel: first modern staging for Walter Braunfels's opera. Premiered in 1920, it was banned by the Nazis and largely forgotten until a recent recording. This production is conducted by Bruno Weil and staged by David Mouchtar-Samorat; Nov 30

COPENHAGEN

EXHIBITION
Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
Joan Miro: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

DUSSELDORF

EXHIBITION
Kunstsammlung Nordrhein-Westfalen
Tel: 0211-83810
Max Ernst: Sculptures, Houses, Landscapes. An exhibition focusing on the German Surrealist's lesser-known sculptures. Some paintings are displayed too, and the works span Ernst's career between 1913 and 1974;



'The Dream', 1935, by Henri Matisse, can be viewed at New York's Guggenheim Museum. It features in '1998, Rendezvous', an exhibition derived from the Guggenheim's collections and those of the Musée National d'Art Moderne in Paris

to Nov 28

EDINBURGH

EXHIBITION
Scottish National Portrait Gallery
Tel: 44-131-624 6200
Robin Gillanders: Little Sparta. Photographs of the painter Ian Hamilton Finlay's garden at Dunsyre in the Pentlands Hills. Gillanders has been working there since 1993, and the display includes a range of collaborative works - posters, prints and postcards; to Nov 29

FRANKFURT

EXHIBITION
Schirn Kunsthalle
Tel: 49-69-299 8820
Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

HELSINKI

DANCE
Finnish National Ballet
Tel: 358-9-403 021
Giselle: staging by Sylvie Guillem. With sets and costumes by Ramon B. Ivars. Conducted by David Garforth; Nov 28

OPERA
Finnish National Opera
Tel: 358-9-403 021
Anna Bolena: by Donizetti. Conducted by Maurizio Barbacini in a new staging by Jussi Tapola, with designs by Anna Kontek; Nov 30; Dec 2, 4

HOUSTON

EXHIBITION
Museum of Fine Arts, Houston
Tel: 1-713-639 7750
www.mfah.org
A Grand Design: The Art of the Victoria and Albert Museum. North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10

HUDDERSFIELD

CONCERTS
Huddersfield Contemporary Music Festival
Tel: 44-1484-430 528
● Punch and Judy: Music Theatre Wales. Music by Harrison Birtwistle, performed by six singers and 15 musicians. Directed by Michael Rafferty and designed by Simon Banham, with a libretto by Stephen Pruslin; Lawrence Batley Theatre; Nov 28
● Steve Reich: programme of works including the UK premiere of Hindenburg, by Reich and video artist Beryl Korot. Performed by the

Ensemble Bash, The Smith Quartet, Synergy, and keyboard players Clive Williamson and Shelagh Sutherland, conducted by Nicholas Kok; Nov 29

LONDON

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
Mirror Image: Jonathan Miller on Reflection. Show exploring the representation of mirrors in art, curated by Miller and featuring loans from public and private collections. Includes Van Eyck's famous Arnolfini Portrait, and works by Freud, Callebotte and George Romney; to Dec 13

Royal Academy of Arts
Tel: 44-171-300 8000
● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1
● The Au Bak Ling Collection: 100 Masterpieces of Imperial Chinese Ceramics, 12th to 18th Centuries. Includes works from the Song, Yuan, Ming and Qing dynasties, which together provide a remarkable overview of the finest Chinese porcelains ever made; to Dec 20

Tate Gallery
Tel: 44-171-887 8000
John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17

Victoria and Albert Museum
Tel: 44-171-938 8500
● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10
● Griffling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece. The exhibition also aims to present some historical context; to Jan 31

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
Boris Godunov: by Mussorgsky. Conducted by Noel Davies in a new staging by Francesca Zambello, with sets by Hildegard Bechtler. John Tomlinson sings the title role; Dec 2, 4

THEATRE
National Theatre
Tel: 44-171-928 2252
Betrayal: by Harold Pinter. Trevor Nunn directs Pinter's 1978 play, with a cast including Anthony Calf and Imogen

Stubbs; Lyttelton Theatre; Dec 4

MILAN

EXHIBITION
Pinacoteca di Brera
La Dama con l'ermellino: Leonardo da Vinci's 1489 portrait of the young mistress of Ludovico il Moro travels to Italy for the first time since 1800, when it was purchased by the Polish Prince Czartoryski; to Dec 13

MUNICH

CONCERTS
Philharmonie Gastelg
Tel: 49-89-5481 8181
● Kiri Te Kanawa: recital by the soprano, accompanied by pianist Julian Reynolds; Nov 29
● Sabine Meyer: in works for clarinet by Mozart, with the Camerata Academica des Mozarteums Salzburg conducted by Alexander Janiczek, and bassoon soloist Daniele Damiano; Nov 28

EXHIBITION
Haus der Kunst
Tel: 49-89-211270
Lyonel Feininger (1871-1956): From Gelmersoda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24

NAGOYA

EXHIBITION
Matsuzakaya Art Museum
The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works and works by American painters. Also on display are recently acquired works by Delaunay and Braque; to Dec 8

NEW YORK

EXHIBITIONS
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
1999, Rendezvous: In their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24

Guggenheim Museum SoHo
Tel: 1-212-423 3500
www.guggenheim.org
Premises: Invested Spaces in Visual

Arts, Architecture & Design from France, 1958-1998. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10

Metropolitan Museum of Art
Tel: 1-212-679 5500
www.metmuseum.org

● Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s. Mainly they are figure studies, self-portraits and portraits of the artist's circle; to Jan 3
● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3
● Letters in Gold: Ottoman Calligraphy from the Sakip Sabanci Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13
● Louis Comfort Tiffany: celebrating the 150th anniversary of the artist's birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels and jewellery. A selection of drawings will also be on display; to Jan 1
● Mary Cassatt: Drawings and Prints. Coinciding with a major retrospective at the Art Institute of Chicago, the Metropolitan Museum has organised an exhibition of most of its extensive collection of Cassatt's work; to Jan 24
● The Nature of Islamic Ornament, Part II: Vegetal Patterns. Second in a four-part series on Islamic ornament from the 8th to the 18th century. Includes rare brocades and carpets; to Jan 10

Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org

Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2

Pierpont Morgan Library
Tel: 1-212-685 0008
Charles Dickens - A Christmas Carol: the manuscript of Dickens's novel is the centrepiece of this holiday exhibition. Also on view are several other items relating to the work; to Jan 3

Whitney Museum of American Art
Tel: 1-212-3272801
Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the late 1920s to 1970, with an emphasis placed on the so-called Surrealist and Classic periods. The show will next be seen in Paris; to Nov 29

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org

● La Bohème: by Puccini. Production by Franco Zeffirelli with a cast including Francesca Pedaci and Frank Lopardo. Julius Rudel conducts; Nov 28; Dec 3
● La Traviata: by Verdi. Production by Franco Zeffirelli with a cast including Patricia Racette and Marcelo Alvarez. James Levine is the conductor; Nov 30; Dec 4
● Le Nozze de Figaro: by Mozart. Production by Jonathan Miller, with a cast including Felicity Lott and Barbara Bonney. James Levine conducts; Nov 28; Dec 1

PARIS

CONCERTS
Salle Pleyel
Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Emmanuel Krivine in works by Rimski-Korsakov, Rachmaninov and Dvorak. With piano soloist Krystian Zimerman; Dec 2, 3

EXHIBITIONS
Couvent des Cordeliers
Tel: 33-1-4046 0547
S'asseoir au XXe siècle: display devoted to the evolution of the chair, including major examples of 20th century design; to Dec 17

Grand Palais
Tel: 33-1-4473 1730
Lorenzo Lotto: Rediscovered Master from the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition has been seen in Washington and Bergamo; to Jan 11

Musée d'Orsay
Tel: 33-1-4049 4814
www.musee-orsay.fr

● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3
● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationships with his literary and artistic contemporaries; to Jan 3

Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
Portraits from Roman Egypt: touring exhibition of mummy portraits, originating from the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

OPERA
Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300

www.opera-de-paris.fr
The Merry Widow: by Franz Lehár. Conducted by Armin Jordan and with a cast including Frederica von Stade and Hakan Hagegard; Dec 1, 4

PHILADELPHIA

EXHIBITION
Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philamuseum.org
Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from private and public collections around the world; to Jan 3

PORTO ALEGRE

EXHIBITION
Various venues
Mercosur Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela. Held in 11 locations around the city, the works are grouped under three headings: Constructive, Political and Cartographic; to Nov 30

ROME

EXHIBITIONS
Palazzo delle Esposizioni
Tel: 39-06-474 5903
Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Klee and Grosz; to Jan 18

Palazzo Ruspoli
Tel: 39-6-6830 7344
www.palazzoruspoli.it

The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian Baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

ROTTERDAM

EXHIBITION
Kunsthall
Tel: 31-10-440 0300
Up to the bare bones: Human remains in museums. An estimated hundred thousand human beings find their last resting place in Dutch museums, whether in the form of mummies, skulls, skeletons, reliquaries or otherwise. This exhibition is the first to address this phenomenon directly, presenting exhibits from medical, sacral, ethnographical and archaeological collections; to Jan 10

SAN FRANCISCO

CONCERTS
Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Haydn, Shostakovich and Brahms. With piano soloist Vladimir Feltsman; Nov 28

EXHIBITION
San Francisco Museum of Modern Art
www.sfmoma.org
Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stables are selected paintings, drawings and jewellery, the intention being to present the breadth of the artist's career on the occasion of the centenary of his birth; to Dec 1

OPERA
San Francisco Opera, War Memorial Opera House
Tel: 1-415-864 3330
www.sfoopera.com

● Norma: by Bellini. Conducted by Patrick Summers in a staging by Andrew Sinclair, with sets by José Varona. The title role is sung by Carol Vaness; Nov 28
● Peter Grimes: by Britten. Conducted by Donald Runnicles in a staging by John Coppley, with sets by Carl Toms. The title role is sung by Thomas Moser; Dec 2

TOKYO

EXHIBITION
Metropolitan Museum of Photography
Tel: 81-3-3280 0031
Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; to Jan 17

WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Bernini's Rome: Italian Baroque Terracotta from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farsetti. Among the 14 artists represented are Bernini and Algardi; to Jan 18
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885), Self-Portrait as an Artist (1889), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3

Phillips Collection
Tel: 1-202-387 2151
Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pissarro, Callebotte, Gauguin and Renoir; to Jan 3

Arts Guide by Susanna Rustin
e-mail susanna.rustin@tfl.com
Additional listings supplied by Artbase Tel: 31-20-684 6441
e-mail artbase@tfl.com

Weekend Investor

Wall Street

Go backwards to find the future

John Authers takes a reverse look to explain the Dow's latest bizarre surge

At Thanksgiving, it is time for Americans to look back. As far as the market is concerned, they have much for which to be thankful, since the Dow Jones Industrial Average hit another all-time high on Monday.

This latest surge is bizarre, and apparently without reason. A close look at the graphs, however, reveals a simple explanation. In 1998, markets have been in the grip of a rupture in the space-time continuum, and the whole year has been run in reverse.

Reverse Time's Arrow, as did Martin Amis in his novel a few years ago and things begin to make sense. Start in the week of Thanksgiving, and work backward to January, and 1998 seems to go just as might be expected.

On this basis, the months of November and October saw an overdue correction from excessive valuations, with the Dow tumbling from 8,374.27 to 7,338.07 on August 31, a drop of almost 20 per cent.

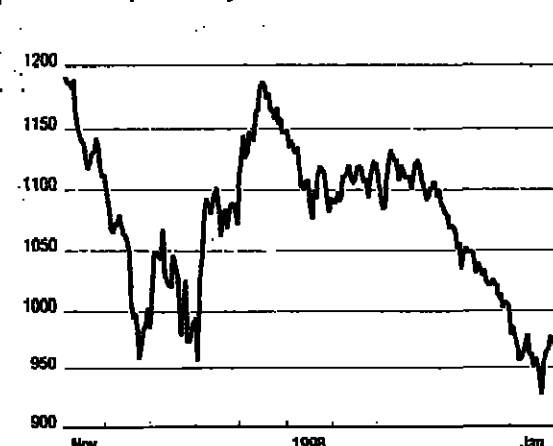
Price-earnings multiples had reached historic highs, valuing companies at 22 times analysts' forecast earnings for 1999, and prices were plainly in need of this tumble.

It was not merely excessive valuations that forced the market lower as autumn turned to summer. Consumer confidence was running at a record level in November, showing all the classic symptoms of overheating.

To respond to this danger, the Federal Reserve launched an aggressive series of interest rate rises, lifting its main rate three times from November to September. Over the same period, the quarterly earnings season revealed a series of distinctly unimpressive profit figures from corporate America, confirming that the sky-high multiples had been unjustifiable.

After this sharp dip, prices staged a recovery, mainly thanks to the dramatic opening of the market in Russia. By mid-July, it had been propelled almost back to its high of November, reaching 9,337.97 on July 17. After that, though, the market yielded to the inevitable, slipping into the bear phase that had been predicted for so long. Gathering signs of

S&P 500 Composite: the year in reverse



economic difficulties in Asia proved the catalyst as the Dow forced its way lower, dropping back below 8,000 to touch 7,908.25 by the opening of trading on January 2.

Biggest casualties over this period were the internet stocks, which were clearly overvalued at Thanksgiving but had found their way by January to a level where they commanded reasonable, if still generous, valuations. Amazon.com, the largest internet bookseller, was the chief example. At Thanksgiving, its shares were a ludicrous \$214, giving it a market capitalisation of about \$11.3bn, bigger than any physical bookseller in the US.

The bubble had to burst, and it did. Amazon.com shares tumbled more than 40 per cent by mid-November. Then, quarter after quarter, it was obliged to announce losses. By early January, the shares slipped to \$30, a price that still strongly reflected the growth potential of internet retailing.

This does not mean the year was without its positive sides. Chief executives in many industries were forced to examine what was in the best interests of their shareholders, and embarked on campaigns to realise value by upbidding unwieldy and illiquid conglomerates.

This did not always prove popular. DaimlerChrysler's decision to spin off Chrysler as a stand-alone US entity did not meet with the market's approval. Others did better.

AT&T's shares were barely lower at the beginning of

January than they had been at Thanksgiving, thanks mainly to the leap they recorded on the news that they were leaving their alliance with TCI, the cable television operator. They realised an incredible \$45bn from the sale.

One of the more remarkable corporate odysseys of the year involved Citicorp, another old-fashioned conglomerate combining a bank with a pot-pourri of other financial services. Nobody could discern the commercial logic for this outmoded company, and its shares reached a trough on October 7. This was the day it announced the start of an attempt to release shareholder value by splitting itself into Citicorp, covering commercial banking, and Travelers Group, covering everything else.

This led to a huge increase in the company's price as the year progressed. By their peak, just before the two companies separated for good, their combined market value reached \$166bn, more than double its level in the worst days of October.

At this point, the Asian crisis began to tell, but Citicorp and Travelers were still worth more separately in January than Citicorp had been worth at Thanksgiving, just as the great bull market was coming to an end.

Dow Jones Ind Average

	Monday	Tuesday	Wednesday	Thursday	Friday
	9,374.27	9,301.15	9,314.28	Closed	Closed
	214.72	73.12	13.13		

London

Time to give cyclical a run?

Jonathan Ford explains why bids are in vogue

Investment bankers are once again sharpening their pencils and brandishing their slide rules. Bids and mergers are back in vogue after the brief halt caused by the stock market's slump in the autumn. This might seem strange, coming at a time when many analysts are suggesting that share prices may have overcorrected from their lows early in October. Earnings expectations for most UK companies are still too high, they warn. Expect another rash of downgrades in the spring.

Last week, the FTSE 100 index paused after its recent charge, gaining just 126.7 points to finish the week at 5,844.2. Still, the index remains just 5.4 per cent below its all-time high of 6,179, reached on July 20 - a continuation last week of the steady drip of bad news that was blamed for undermining investors' confidence

in the first place.

Some of that bad news was contained in the September trade figures, published on Wednesday. These showed a doubling of the trade deficit to \$2.5bn and led analysts to warn that growth could be hit by manufacturers having to cut output.

Of course, corporate activity is not contingent solely on shares being cheap. And in the present environment, where companies seem to have less pricing power and consumers are becoming more parsimonious, there is a lot to be said for substituting organic growth with some of the acquisition-led variety.

In any case, most of last week's big takeovers - the \$3bn engineering merger between BTR and Siebe or John Mansfield's audacious \$27m reverse bid for Marley, the building materials group - were share-for-share exchanges. To that extent, the bidders were not calling

the value of the market.

One thing the bids had in common was that they involved members of what might kindly be termed unfashionable sectors - cyclical stocks have fallen deeply out of favour with investors.

There are some well-known reasons for this, sterling's strength and the crises in Asia the principal among them. In the past year, as these factors have bitten, general industrial stocks have underperformed the market by 22 per cent.

However, an argument has been made by Merrill Lynch that there are also structural reasons for the underperformance of cyclical and medium-sized stocks in general. This is that the increasing bias among pension funds for index-tracking investment has locked cyclical and smaller stocks into a vicious circle of underperformance.

Index-tracking managers



Harrods buyers: just as in the corporate world

are on a winning streak at the moment. In the past year, the biggest winners of UK pension fund mandates were Legal & General and Barclays Global Investors, both index-trackers.

At the bottom of the list, with the largest net losses, were four active managers: Schroder, Mercury, P&DPM and Gartmore.

But the problem with index-trackers is that they cannot respond to situations when shares may become undervalued. Locked into indices and weightings that are driven principally by size, they are forced to dump cyclical stocks as prices fall.

The graph shows the impact of this portfolio shift on the spread between the lowest and highest price/earnings ratios for stocks in the UK market. This has increased by 60 per cent in the past year and now stands at a 10-year high. In effect, valuations are becoming increasingly polarised.

Seen from this perspective, it is less surprising that investment bankers should be grabbing slide rules or that engineers like BTR and Siebe are making a defensive merger. Relatively speaking, cyclical stocks are becoming conspicuously cheap, and increased scale appears to be their only defence.

Yet, if all this is true, where are the vulture buyers and arbitrageurs to come from? One result of the portfolio shift towards index-tracking has been the emergence of US investors as increasingly large holders of cyclical stocks.

Yesterday, for instance, TI Group revealed that the US fund manager Capital Group had taken a 9 per cent stake in its shares. The engineer also said US shareholders as a whole had increased their stake in the company from 8 per cent to 20 per cent.

These figures are mirrored elsewhere. US holders have increased their stake in British Steel since January from 41.5 to 58.6 per cent. For BTR, the increase was from 17.2 to 28 per cent.

So far, this shift has had little effect on values, which continue to languish. This is because the buyers are merely mopping up stock discarded by UK institutions. What is needed is some corporate activity.

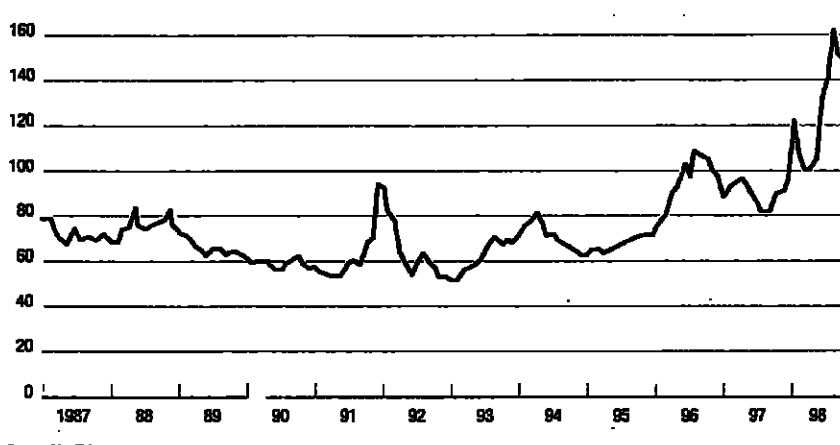
One option would be foreign buyers, who should be encouraged by the cheapness of UK cyclical stocks. Engineering stocks now trade on P/E ratios of just 12 times in the UK, well below the 18 times achieved by their US counterparts.

An alternative would be for cyclical managers to take their companies private. But this would depend on an improvement in the unsettled debt markets. Banks remain reluctant to back large corporate deals, particularly buyouts, as do bond investors.

Still, things could all change in the new year if the banks recover their nerve. And, if they do, cyclical stocks, like yo-yos and flared jeans, could make an unexpected return to fashion.

A polarising market

Index of spread of PE ratios for UK sectors versus UK market (cap weighted)



Highlights of the week

	Price	Change	52 week	52 week	
	YTD	on week	High	Low	
FTSE 100 Index	5844.2	+126.7	6179.0	4648.2	Takeover activity
BSE	214	-41	447	185	EU investigation
BTR	128	+33	231	914	Merger with Siebe
Barclays	1274	+54	1998	827	Will not damage business
Bass	877	+120%	1195	625	Merrill positive
Dow	169	-72%	545%	167	Profits warning
EMI	352%	-39%	685	300	Disappointing outlook
Granada	945	+94	1217	670	Improved figures
Guardian Royal Exch	306%	+28%	405	227	Bid speculation
Kingsley	546%	-16%	600%	355	Profit warning fears
Ladbroke	239	+17	370	190	Positive bids
Maris and Spencer	424%	-15%	689%	383%	Boardroom dispute
Marley	105	+25%	125%	64%	Bid
Mays	430	+27%	744%	315	Strength in IT sector
Pearson	1121	+81	1200	705	Broker recommendations

The difference between success and failure is paper thin.

FINANCIAL TIMES
No FT, no comment.

Barry Riley

Sizing up the mega-deals

Big is beautiful but gigantic is simply gorgeous



After a brief intermission, while the stock market temporarily crashed, mega-deals are back. The latest talks, it seems, involve Exxon and Mobil and could create a group worth \$150bn. Other deals on the table include Deutsche Bank's planned near-\$10bn purchase of Bankers Trust. In the UK, the upcoming merger of Siebe and BTR into a \$9bn group will break no size records in itself but will create a huge player in the shrunken engineering sector.

Powerful forces are driving corporate consolidation. This can be seen as the other side to the story of smaller company share price underperformance, which I discussed here last month. Big is beautiful, it seems, and gigantic is simply gorgeous. Remember that London's FTSE 100 index of the biggest blue chips has beaten the SmallCap ex Investment Trusts index by an amazing 33 per cent over the past 12 months (and the 250 index of middle-rankers by 11 per cent). Similar trends are evident in the US.

Not so long ago, stock market investors tended to avoid the big, bad giants where boardroom egos were all too likely to be more highly developed than the management systems. But several factors have caused a change of view. The globalisation of a number of industries, for instance, has encouraged the emergence of a few big players in each. We have been seeing this in oils, pharmaceuticals, motors and information technology, and we will increasingly see

it in sectors such as banking and telecoms as national protection fades away.

Meanwhile better technology is apparently making it possible to run such leviathans more effectively because information can be distributed and processed more quickly. Moreover, national anti-monopoly regulators have backed away because of the emergence of international competitors in many industries - although the US Federal Trade Commission seems to be having second thoughts about the concentration of the global commercial aircraft market.

These are the industrial pressures. Shifts in corporate governance practices have also been crucial to the rebirth of merger mania, however. One reason big companies underperformed for many years might well have been that their bosses were paid mainly through salary and bonuses, both linked more closely to the top line of sales and trading profits than to the bottom line of earnings per share. Academic studies have shown that merger and acquisition activity has failed to benefit investors - not, anyway, the shareholders in companies doing the acquiring, because any synergistic gains have been lavished on the bid premium.

Now, things have changed. Management incentives may have grown out of control overall, but at least they are linked primarily to the share price. Investors evidently are satisfied that company bosses will no longer chase size for size's sake.

This might not be reliably true in, say, Germany, where Deutsche Bank's ambitions have not been very well received. In the UK and the US, though, deals are greeted with enthusiasm. After a very long bull market, too many stocks are overpriced on the basis of fundamentals and investors are desperate to uncover underpriced growth. One answer is to dabble in internet stocks, if you dare. A safer proposition seems to be to goad managements into mergers.

A curious feature of the embattled UK engineering sector, where the average share price has fallen 13 per cent in the past year, has been the heavy buying of shares by US "value" investors - who have built up a 30 per cent stake in BTR, for instance. With immediate business prospects looking grim around the world, the sector's managements have come under heavy pressure to take aggressive action, notably through mergers. If growth cannot be created at the top line, perhaps it can be conjured up at the bottom through cuts and synergies.

A philosophy of shareholder value has been developed to justify such trends. It has become a lucrative theme for management consultants. Certain other consultants are starting to ask awkward questions, though. A.T. Kearney's UK strategy practice, for instance, has just published the results of an analysis of the constituents of the Footsie from 1984 to 1997. It found that the return on capital over this period had doubled from 5.6 to

11.6 per cent, and the ratio of the market price to the book value of assets had tripled, from one to three times.

That sounds like a success story. Indeed, shareholders have done tremendously well, with an average real annual return of 12 per cent. But there's a catch. Sales revenue in real terms failed to increase at all over the period. Efficiency has replaced growth as the main management aim of UK plc. The tough business of competitive manufacturing has been abandoned increasingly to the Germans, Japanese and Koreans.

Now, such statistics might be disputed. The composition of the Footsie has changed radically since 1984; for instance, there has been a big growth in financial institutions which have been excluded from this calculation. It remains a worry, however, that cuts and mergers are seen as providing a quick fix that might be at the expense of long-term economic growth.

Meanwhile, institutional investors are being herded towards ever more concentrated portfolios. The All-Share index features 35 sectors - but just four account for 41 per cent of capitalisation and the top 10 for 62 per cent. Painstaking analysis of hundreds of small companies can be rendered irrelevant when overall investment performance is dictated by sudden surges or dips in some market leaders.

Never mind. When the leviathans are eventually proved to be unmanageable, they can always be broken up again. That will be exciting, too.

For an interactive guide to personal finance, visit <http://www.FTQuicken.co.uk>

سبکنا من الامم



In the Pink

Reginald Heath, chairman, Philip Norton, chief executive of Marchionni Group, both dipped into their pockets this week. Each bought 100,000 shares at \$4.78. Unlike some other retailers, Heath has been able to confirm that sales for the first seven weeks of the second half are in line with expectations. The last time (November 1987) that directors piled in, the stock price had risen in the following six months.

□ At car distributor **European Motor Holdings**, there was buying this week. Ann Wilson, finance director, and Richard Palmer, chief executive, acquired 12,000 and 30,000 shares respectively at

57p. This sub-sector has suffered badly in recent years and will not have been helped by buyers this week, that the supermarket giants are planning to use their purchasing power to sell cars at discounted rates.

□ The hottest sector in 1988 has been telecoms and the star of the bunch has been Colt, outperforming the market by a whopping 385 per cent over the past 18 months. Little surprise then, that Peter Williams, president and chief executive officer, should take some profits. He sold 800,000 shares at \$64.65, bringing in more than \$5.2m.

Ian Jackson

Ian Jackson

■ Directors' share dealings

Transactions in own companies				
19th-20th November 1998				
Company	Sector	Shares	Value £000	No of directors
SALES				
Vesper Therapy	Eng	2,825	23	1
Albion Group	CHI	10,000	18	1
Northern Inv. Co.	CHI*	5,000	22	1
Polymex Plams	Phm	50,000	35	1
Int'l Greetings P	PP&P	50,000	282	1
Photo-Me	SSer	750,000	2736	1
Trace Computers	SSer	200,000	242	1
Colt Telecom	Tele	800,000	5318	1
Lumina Plc	Brew	400,000	2440	1
Smith & Nephew	Hth*	5,948	28	1
PURCHASES				
European Motor Hldg	Diet	42,000	24	2
United Overseas Grp	Diet	250,000	70	1
Roadspur	E&E	60,000	37	2
GB Int'l	Eng	50,000	32	1
IT Group	Eng	36,618	129	3
Booker	FOOP	40,000	30	1
TEI Group	Hood	150,000	85	1
Independent Insance	Ins	35,000	81	1
Finsbury Smaller	InvT	30,000	50	1
Haynes Pub	Mdis	45,000	95	1
Highbury House Comm	Mdis	1,000,000	74	1
Incepta Group	Mdis	1,808,878	257	6
Quick Packaging	PP&P	510,000	184	1
Charmanson	Prop	5,000	5	1
Charmanson Retail Grp	RetG	20,000	70	2
Style Holdings	RetG	17,000	20	1
ymx Group	SSer	10,000	15	1
Microgen Holdings	SSer	22,000	24	1
Parity	SSer	250,000	1089	2

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Airt), including exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. See SS4+.

Source: RABRA The Inside Track, Edinburgh, 0131-473 7070

■ Results due next week

Company	Sector	Account date	Dividend 1977		Yield this year
			Last year's total	Last year's interim	
FINANCIAL DIVIDENDS					
Admiral	Monday	3.0	8.0	3.4	
Advent Associates	Monday				
Bankers Rubber	Thursday	6.15	21.15	6.6	
Black	Bruss	8.3	27.5	8.1	
Black	EEZE	Wednesday	4.5	14.0	5.0
Car UK	HNG	Monday	0.4	12.5	0.5
Carlton Communications	Lat	Tuesday	4.9	12.4	5.4
Charter Group	Mud	Tuesday	1.2	4.5	1.0
Chelston Electronics	Lat	Friday	1.0	3.0	1.18
Chelston Electronics	EEZE	Thursday	0.96	2.98	1.05
Cinet Group	Lat	Monday	3.75	11.5	4.0
CIET Group	EEZE	Tuesday	0.9	3.0	1.0
Comet Night Extra Inc	WTR	Thursday	1.75	8.25	1.8
Telecom	Tob	Monday	7.2	21.4	7.5
Conquest	AM	Monday	3.0	7.75	3.0
Conquest Bros	Prop	Wednesday	5.25	20.0	4.0
MEPC	Spv	Monday		3.9	1.5
Wood Anglia Education	Bruss	Thursday	6.2	21.4	7.13
Royal Bank of Scotland	Spv	Monday			
RSB Group	AM	Monday	0.6	1.2	1.0
RSB Group	Mud	Monday	3.0	9.4	3.8
Scottish Radio	HNG	Tuesday			1.1
ICS Upstream	Prop	Tuesday	1.75	8.25	0.65
Telegraph	Prop	Thursday	1.05	2.50	1.25
Young PR	Lat	Monday	1.4	4.5	1.5
INTERIM DIVIDENDS					
Chryseum	EEZE	Thursday	1.5	4.5	
EA Technology	Spv	Monday	3.1	8.8	
Empire	HNG	Thursday	1.95	7.98	
ITC Group	Spv	Thursday	1.24	1.24	
EEZE	EEZE	Wednesday	1.25	6.0	
Cham	Tuesday	4.8	1.85		
MIRA (NS)	Spv	Monday	2.1	6.1	
Bruss	Monday	2.7	6.1		
EEZE	Friday				
Thurs	Thursday	1.88	5.85		
Prop	Wednesday	1.0	4.6		
Int Survey	Wp	Tuesday	4.9	19.0	
West of Leeds	Prop	Monday	1.17	7.6	
Car on	Prop	Wednesday	2.3	7.0	
Group International	EEZE	Thursday	3.05	9.15	
EC	QRE	Thursday	2.49	11.43	
Bruss	Wednesday	5.5	18.35		
US	Thursday	0.9	29.0		
Eng	Wednesday	0.85	2.66		
International Funds	Wp	Tuesday	2.6	7.3	
McPC	Thursday	0.8	3.2		
Compass International	Wp	Thursday	13.2	39.0	
1st Kent	Wp	Thursday	0.63	2.58	
Prop	Wednesday	1.5	4.85		
EEZE	Thursday				
Eng	Tuesday	7.5	12.0		

Week ahead

The services sector is very much in the spotlight as retailers and pub groups report figures that may highlight a weakening of UK consumer confidence, *writes Martin Brice*.

Monday: A full year of contribution from the Rizla acquisition is likely to be a driving factor when Imperial Tobacco reports. Its international operations are likely to have advanced, helped by increased duty-free volume.

A pre-tax advance from £307m to £318m-£330m is expected. Any rise in the shares would help its case for promotion from the FTSE 250 to the Footsie index.

Tuesday: Carlton Communications' figures will probably be overshadowed by any comments it has on the recent performance of ONdigital, the television broadcaster that started on November 15.

■ Last week's preliminary results

Company	Year	Pro- fits prior to tax	Earnings per share	Dividend per share (\$)
Company	Stock to			
General Motors	1958	726 (98.3)	111 (94.3)	8.60 (80)
General Motors	1959	949 (100)	139 (129)	1.2 (12)
General Motors	1960	146.3 (100.3)	20.6 (21.2)	1.2 (12)
General Motors	1961	15.2 (100)	17.6 (17.1)	1.2 (12)
General Motors	1962	3,000 (100)	8.6 (7.33)	2.26 (23.4)
General Motors	1963	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1964	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1965	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1966	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1967	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1968	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1969	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1970	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1971	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1972	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1973	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1974	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1975	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1976	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1977	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1978	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1979	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1980	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1981	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1982	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1983	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1984	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1985	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1986	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1987	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1988	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1989	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1990	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1991	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1992	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1993	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1994	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1995	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1996	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1997	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1998	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	1999	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2000	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2001	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2002	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2003	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2004	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2005	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2006	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2007	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2008	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2009	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2010	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2011	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2012	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2013	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2014	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2015	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2016	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2017	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2018	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2019	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2020	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2021	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2022	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2023	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2024	1,000 (100)	31 (30.7)	1.2 (12)
General Motors	2025	1,000 (100)	31 (30.7)	1.2 (12)

Bids and deals

Siemens and BTR, two of the UK's largest engineers, are merging to form the world's biggest control systems and automation company, valued at £3.4bn. The deal, in which Siemens will pay £7.5bn for BTR, was described by advisers as the UK's largest merger of manufacturing companies.

The new BTR-Siemens group will have just over 10 per cent of the £110bn (£56bn) global controls and automation market. It will have sales of £2.66bn and profit before interest, tax and exceptional items of £1.52bn.

National Power, Britain's second-largest generator, plans to sell one of the world's biggest coal-fired power stations in an attempt to persuade the government to allow it to buy one of the country's largest regional electricity suppliers.

The sale of the Drax station in north Yorkshire is expected to raise at least £22m.

Guardian Royal Exchange, the UK composite insurer long seen as most vulnerable to takeover, is in talks with several parties over the sale of all or parts of its business.

■ Current takeover bids and mergers

Company bid for	Value of bid for shares*	Market price	Pre bid price	Value of bid for shares*	Notes
Capital Recruitment	207	204	135	15.51	Capital
Energy (BSR)	66*	94	38%	282.3	Envision Electric
TR	118	127%	86	3.75/m	Slabo
Marketing (N)	300*	255	288%	88.5	MacDonald
100*	122%	45	7.3		MacDonald Potatoes
Capital	126*	122%	114	9.85	Orion
City Site	20*	20%	18	4.37	Woodvale Estates
Lytle Flowers	166*	155	142%	24.09	Redwood Sp
Services Group	58*	48%	41%	10.15	LIT Technologies
Graphic Group	479*	470	432%	258.85	Mayfield
Capital Dynamics	39-6	31%	20	5.77	Carlyle Renewal
Developer Group*	22*	26	25	27.02	Rental Super
Investment Subscribers	228*	215	185%	40.48	Manco
MS Petroleum	24	35	253%	2.58	Seawatch Rep.
MS Petroleum*	35*	35	28	4.57	Renew Energy
Energy	101	102%	85%	258.8	J.McCoy
Energy, Thompson & Co	263*	263%	248%	258.8	WhisperingDaily
Andrew Clark	245*	241	191%	215.05	CamdenGas
Life Sciences	187*	106	76%	27.93	MediaCom
Industrial Group	35*	58	22%	4.3	Whitcomb
San Leters	75*	75%	67%	6.525	Linscott
Geological	225*	225	142%	1.25/m	Smith & McLean Co
Industrial Electric*	712	703%	580%	3.43%	Scott-Hydro
US Circuits	20*	19	94	4.22	Versapharm
US	128*	118	107%	46.8	Kingsbury
Bank	245*	25%	23%	28.28	Amstar Inc.

* Figures are based on information provided by the companies. Figures are based on information provided by the companies. Figures are based on information provided by the companies.

In the Pink

Lack of interest sees gloom and worry reign

Extel's annual survey of the small companies sector makes bleak reading, says David Blackwell

There is no advantage to being a smaller company. That is the bleak conclusion of 16 per cent of the companies responding to Extel's annual survey of the sector.

Given the battering the sector has taken over the past few months, it is not surprising that the figure is higher than that registered a year ago, when only 11 per cent expressed similar disillusion. But the list of disadvantages thrown up by the survey makes familiar reading.

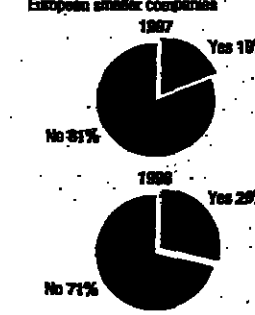
Complainants point to a lack of interest from institutional investors, a lack of understanding of their companies, and a perception that size equals quality and a safe haven. But the biggest single disadvantage thrown up by the 168 companies surveyed remains the lack of liquidity in their shares. This was cited by 36 per cent, similar to last year.

Set against this, the advantages listed seem rather nebulous. They include flexibility, quick reactions and specialist defensive qualities. One company with a sense of humour cited a share price so low that it could only improve.

That, however, serves to underline a further problem highlighted by the survey – the upper limit for defining a smaller company has moved up to a market capitalisation of £350m. This prompted Kenneth Clarke, a former Tory chancellor of the exchequer, to comment this week at Extel's award ceremony for smaller companies on the daunting prospect facing those only

Spreading their wings

Food managers investing in



creeping towards a target that was moving further

Smaller companies also will have to face the fact that fund managers are growing more and more interested in Europe. The survey shows that 29 per cent of the 100 fund

Complainants interest from investors, a lack of their company's perception that the quality and a

managers asked are investing in European companies, compared with 19 per cent last year.

The number of brokers providing advice on European smaller companies also rose from 35 per cent of those surveyed. According to Richard Hickinbotham at Warburg Dillon Read - which won three of Extel's top five prizes this week - there are links between the

increasingly high definition of what constitutes a smaller company and the growing interest in Europe.

Hickinbotham, head of the firm's pan-European smallcap research team, believes many funds are already allocating fewer assets to smaller companies, particularly at the bottom end of the scale where liquidity poses the worst problem. This is because they have found it impossible to sell when the market runs into difficulties.

Therefore, he says, their attitude is to move up the scale in order to find greater liquidity. They want to be a little out of the market with greater ease, a trend speeded by the growing number of mergers in the financial services industry and the

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subsequent consolidation of funds.

He points out that if the size of a fund's investment unit is £5m, it will look for a reasonably sized opportunity, since investing one unit in a company with a market capitalisation of £100m would give it a 5 per cent stake. By looking towards Europe, investment managers immediately increase their opportunities.

But, Hickinbotham

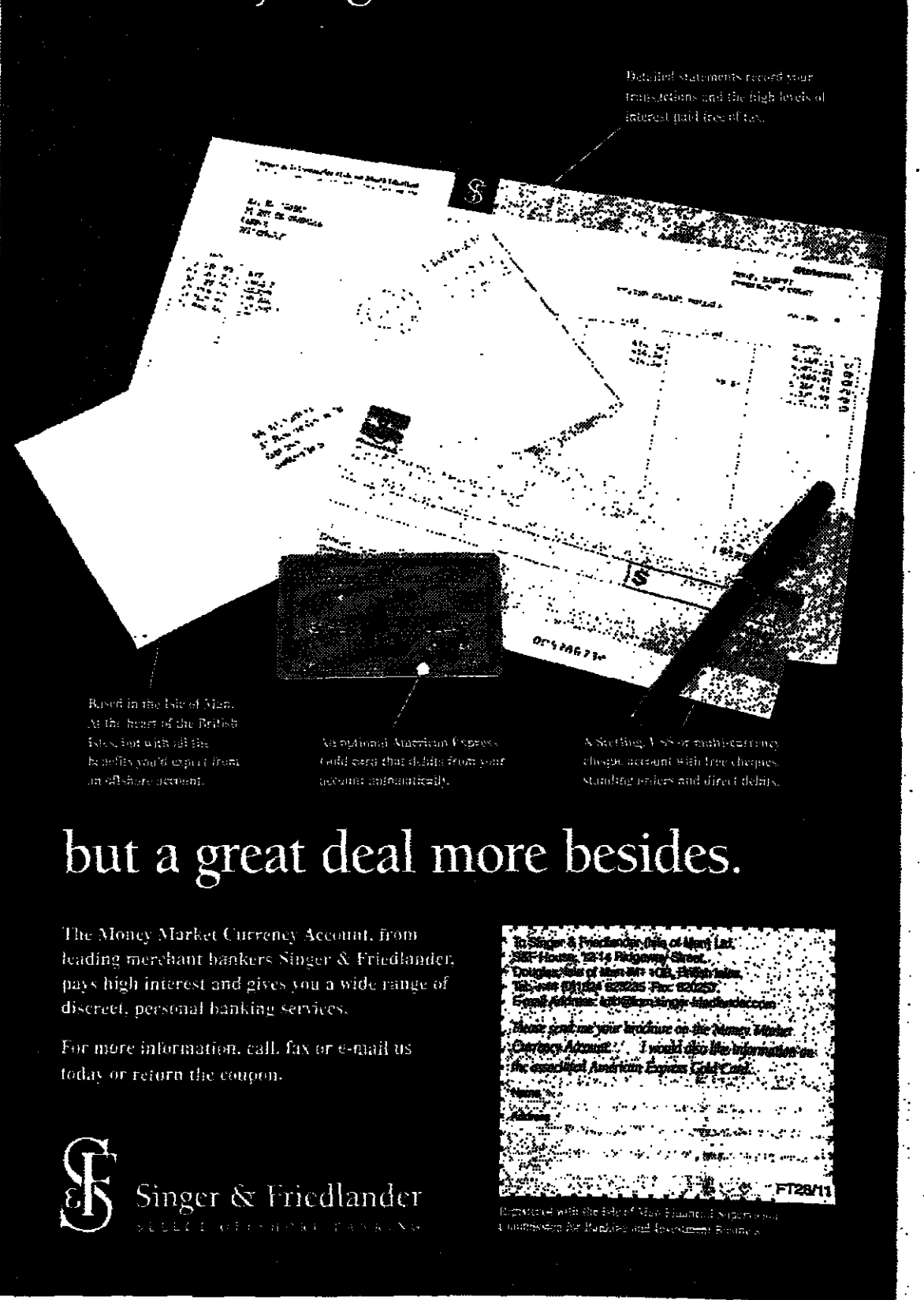
suggests, they also raise the stakes by going for companies with market capitalisations of above £100m and up to £250m. This gives them the chance to pick the best growth stocks in each country. If UK companies are not getting into that size range, they will not be able to access a significant pool of capital.

Hickinbotham adds.
That pool is growing fast: one German fund raised DM1.6bn in four months earlier this year. At the same time, continental Europe is seeing a switch from debt to equity, and the growing move to private pension funding is adding to the growth of the equity culture. European currency union will add to the attraction by eliminating a

While the best UK smallcap companies will be of interest to the pan-European funds, others will be left with the domestic UK funds. A greater involvement by private investors would be helpful to these companies, but it is more likely that more of them will disappear from the stock exchange.

Clyde Blowers, a Glasgow-based engineering group that agreed a management buy-out last week backed by venture capitalist 3i. The group was short-listed for international company of the year in the PLC awards in February. But chairman Jim McColl said, bluntly: "What we wanted to do would not be possible on the stock market because we can't use our paper, so we opted for private funds."

Not only high interest...



FT WEEKEND

True Fiction / Kieran Cooke

No limits for life's litigators

As I was sitting in the snug at the back of Mulligans the other day my eye was caught by an item tucked away in a Dublin newspaper. It concerned a sergeant in the Irish Defence Forces (no finer body of men) awarded £250,000 (£22,300) for hearing difficulties sustained while engaged in the noble cause of serving his country.

It has become somewhat fashionable for Ireland's military (no better breed) to lodge compensation claims for hearing problems caused by the sound of gunshots, over-zealous marching instructions and the like. This case was somewhat different.

The sergeant had been a trumpet player in the army band. Through long periods of exposure to military music - the lads blowing and banging their hearts out at all manner of occasions - the poor man had been rendered half-deaf.

Now there may be some ignoramus out there who might

greet this news with the raise of an eyebrow or the click of the tongue against a well-polished denture. But I say fair play to the sergeant and three cheers for justice.

Damages payments are a wonderful thing. Take, for instance, my own family. If not for some well-won compensation cases, the demesne would be in ruins, the silver flogged off, the thoroughbreds carted to the meat factory and the choice claret exchanged for some ghastly home-made brew.

My late lamented Uncle Mickey, known to friend and foe alike as "The Litigator", set the trend. In 1962, Mickey was attending a post-race day celebration in the jockey bar at the

Royal Hibernian Hotel in central Dublin.

After consuming three dozen oysters and the best part of a jumbo of champagne, Mickey decided to give the assembled throng his rendition of the first 37 verses of "The Brave Marching Boys of Mayo". A barman, a distant family relation whose evidence was crucial to Uncle Mickey's case, takes up the story.

"Approaching the small podium, Mickey's legs became entwined with the ornate stile of the Dowager Duchess of Westford. This forced a collision with a trolley of peach melba and then with a passing Samson rugby player. He prostrated across the dance floor, tripped

over the carpet and finally became wedged in the revolving door."

Apart from a few bruises and a pair of badly split trousers, Mickey was unhurt. However, he sued the hotel for causing him serious psychological damage, saying the incident had put him off oysters for life (though it did nothing to stem his appetite for champagne).

The damages awarded kept the family estate afloat for a few years. Sadly, the hotel was rendered bankrupt as a result and is now closed.

Uncle Mickey went on to record a number of other victories in the courts. (There was a time when prayers would be said to have a priest in the family;

these days the request is for a lawyer.)

Mickey was a feared figure. On one occasion a bus conductor in Cork refused to let him on board for fear a damages claim would be lodged over a defective seat or injuries sustained owing to a bumpy ride. The uncle won the day, pointing out that not being allowed on the bus was an act of gross discrimination. A substantial quantity of money was pocketed as a result.

Some years later a party of American tourists sued Brendan, the brother, over injuries sustained when their coach veered into a bog avoiding one of his prize cattle. Quick as a lawyer adds thoughts to a bill the brother counter-sued, saying

that as a result of the accident his poor cow had stopped giving milk and a valuable patch of bog had been badly damaged. The resulting payout kept the belliffs at bay and good victuals on the table for another lengthy period.

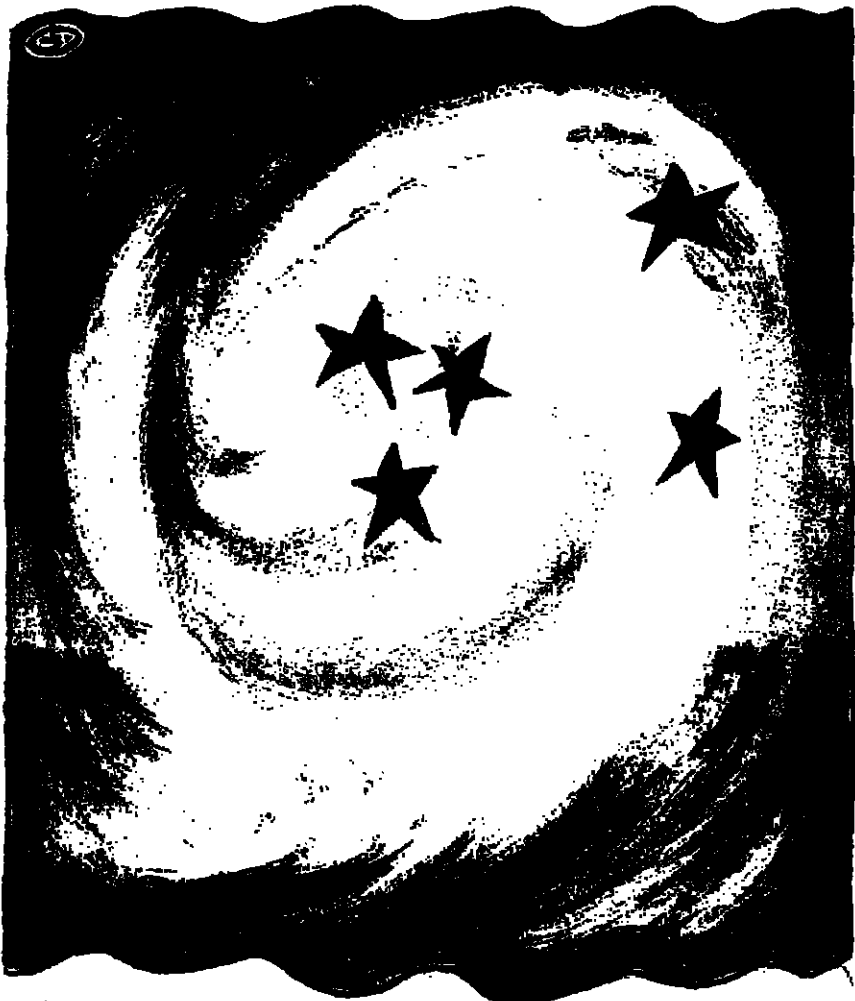
I myself have two damages suits before the courts at present. One involves Dublin Corporation and an attempt I made one evening to walk across the pond in Stephen's Green. I nearly drowned as a result and was confined to my bed for several weeks. The corporation is negligent in the extreme; there was not a single sign about the dangers of walking on water.

The other suit is more complex, spanning several jurisdictions. In the course of my school

days, I served as an altar boy, during which I picked up a chest infection owing, I believe, to the inhalation of copious amounts of incense. Ireland's best legal minds have been mulling over whether it is best to claim damages from the priest concerned (now deceased), the Pope or the Church as a whole.

All documents have to be translated into Latin. The top echelons of the Vatican are involved. I have received whispered warnings about excommunication if I insist on proceeding with the case.

I am undeterred and gain succour from the victories of those brave boys in the defence forces (fine lads, every one of them). They are on the offensive: one, who served as a peacekeeper in Lebanon, is claiming damages for sunburn he received while attending a military barbecue. He says no one told him the sun in the Middle East was so strong. Imagination and litigation. It's a formidable combination.



Metropolis

Progress on Mitch Street

James Wilson and Richard Lapper look for signs of self-help in rain-sodden Honduras

The nightmares have begun for Vanessa Castillo. Eyes wide open, the 17-year-old talks in her sleep about being in her house filled up with water. "I can't tell her what she is doing; it will damage her even more," says her cousin Idiana.

After the passage of Hurricane Mitch, Honduras is showing signs of mental scars to match the physical destruction. Imprinted on many minds is the explosive force of the floods that Mitch unleashed in the darkness of the last day of October.

In the capital, Tegucigalpa, people recall how the city's usually sluggish rivers, already bloated by five days of incessant downpour, rose out of control in the space of a few hours. Buildings stand twisted as if blasted by bombs, or they have simply disappeared. "People can still hear the wild water," says long-time city resident Manuel Torres.

Mitch, which caused an estimated death toll of 10,000, is Central America's worst catastrophe of modern times. In Honduras, which bore the brunt of the storm, more than 500,000 people lost their homes. The Spanish word seems to sum up the hell of seeing a house swept away by mud; these homeless are the *damnificados*.

The accumulated weight of the countless personal traumas has imprinted the disaster on to the nation's psyche. In a relatively small country of 5.5m people, Mitch will become a defining moment in its history. Even while the authorities struggle to get food to stranded hamlets, in the bars and restaurants of the capital the talk is of change.

Much of the soul-searching stems from awareness of Honduras's glaring weaknesses - in its public administration, its political system

and its cultural attitudes. No little has been done to control its rain in two days, as recorded in one place. But its effects were aggravated by poor or non-existent housing, a degraded environment and the government's refusal to learn the lessons from past failure - not least Hurricane Fifi.

Fifi struck the country's unprepared north coast in 1974, killing 10,000. "Most people thought once we'd been through that, people and the government would learn the lesson... they thought we'd have better civil defence, supplies in reserve... unfortunately, none of that has happened," according to an editorial in La Tribuna, a leading Tegucigalpa newspaper.

Nowhere is this web of institutional weakness clearer than in Tegucigalpa itself, an isolated and insular city of 800,000 that struggles across deep gullies and retains the hallmarks of its origins as a silver mining camp. Since 1960, huge influxes of job-seekers have raised the population sixfold. Each successive wave of migrants has been forced into ever more marginal areas - the city's precipitous mountainsides and precarious river courses.

The family of Tessa Gonzalez, who works at a doctor's surgery, built a house nine years ago in the Pedregal district, at a bend in the river between the airport and a textile factory. "Even the floor is gone. The river took it all," she said.

Idiana Castillo says there is too much immigration from the villages, increasing poverty and raising levels of crime and prostitution. "People come into the city and build anywhere they can. They buy a few sheets of zinc and build without services or anything."

City authorities have long known this kind of develop-

ment was unsustainable, but little has been done to control it. "Planning is an obscure concept here," says Henry Marriam, a former city mayor and president of Fundamun, a local development agency. Deforestation of the steep hillsides - to feed the incessant need for firewood - has made matters worse by reducing the land's ability to absorb rain water and allowed rivers to rise even more quickly.

Mitch made the consequences of neglect crystal clear: of the 88 city neigh-

'People come into the city, buy a few sheets of zinc and build without services or anything'

bourhoods the town hall considered to be at risk, 50 were damaged and 15 destroyed, washed down hillsides or carried away by the rivers. In what will be a test of institutional will, a new law has already been formed to rebuild people's homes in dangerous zones.

But for many, rebuilding also requires a change in the minds of Hondurans. Watching some of the 1,200 people living in one of Tegucigalpa's shantytowns, two volunteers, Pompeyo Aguilar and José Radl Gavarrete, debate what is needed. For Aguilar, a teacher, the institution most in need of reform is the family itself, where he says there is no attempt to enlarge children's sense of the achievable. "The schools," he asserts, "are the same as when my grandmother went."

Gavarrete complains of the lack of a national identity. "Everything is imported: music, fashion, gangs," he says. "What we need is to restore our values."

Many others see the need to shake off the legacy of inertia and complacency. "Paternalism has destroyed us," says a doctor. "Help helps, but we have to work!"

City residents know the task now is to shake off this legacy. For the moment, the sense of living in a haze continues, exacerbated by the lack of resources to speed the clear-up.

Crowds have watched as international aid workers have searched for bodies in rockfalls or trawled the murky waters of the Choluteca River. Mexican medical teams who worked in the inner-city area of Comayagüela - as it was being reclaimed from the waters - talk of the lack of initiative. "They didn't even bother to put lime down," says one, referring to a way to neutralise the spread of disease.

One figure who seemed capable of galvanising the city into action, mayor Oscar Castellanos, was killed in a helicopter crash the day after the floods. Even before Mitch, Castellanos had tried - with little success, in the face of resistance - to move people out of the riskiest areas. At his memorial service last week, thousands crammed into St Michael's cathedral or listened patiently in the rain outside.

The risk of passivity is most evident in the shantytowns, where most poor families get more to eat than they did in

their shacks. As television viewers watched the homeless playing cards and sitting around expectantly, one presenter had seen enough. "Some of them can't even clean the shanties they're living in!" he shouted. "We're not going to get anywhere with that attitude."

Mauro Membresio, an adviser to the mayor's office and former minister, says: "The circumstances seem to wake people up. They'll realise they have to solve their problems and not rely on the government all the time."

There are signs of change. At the corner of Calle Principal Reparto, high in the hills overlooking Tegucigalpa, where the Spice Girls' *Wannabe* is playing at full volume from the patio of 24th's Billiards Hall, residents of the Reparto shanty town have formed a committee and taken matters into their own hands.

Valerio Martinez, whose small grocery shop has been obliterated, complains that the city council, overwhelmed by demands and strapped for cash, has done little to help. By collecting \$1,000 in empty powdered milk cans, the committee has bought petrol for a borrowed excavator and paid its driver. About 350 dentistry, and engineering students have been sent by the university to help out.

"We have had to make do," says José Manuel Oseguera, who, after a morning of steady digging, has just begun to discern the outlines of his buried pick-up truck. Work is progressing to build what the residents are already planning to call Mitch Street.

Dispatches

Only one way out for Mr Mozgalov

Jack Chisholm finds that doing battle with Russian bureaucracy is no joke

I am neurotic about losing my passport. I never carry it unless I have to; I hide it whenever possible.

But this time was different; we were registering a new company and as managing director in Russia, I needed a photocopy of my passport. The photocopy shop was only 400 yards away so I gave it to number one secretary, Olga, with specific instructions: "Two photocopies, pronto."

Mike, our main investor, was actually in the office when Olga returned and handed over the photocopies, turning ashen as she realised she no longer had the passport. Our visitor was highly amused at this drill practical joke, less so when he realised the loss was real.

Olga traced and retraced her steps, returning empty-handed. Without Mike being there, I would have been completely sunk because with no passport or visa I could not obtain cash on my credit card. The banks were adamant they would not accept photocopies; only the real thing would do.

It was no use trying to arrange for money to be sent to me from abroad - without the passport no bank would pay it out.

The joint business venture we were setting up - or more properly the "joint participation agreement" - was with part of the former KGB. I hoped they might help.

Yes, of course they would, they said - unless it involved them having to do anything - and there was clear evidence of Schadenfreude.

I had promised my wife I would join her in Berlin for my birthday and the date was near. In desperation I thought of how I might get about getting thrown out of Russia. It would be much easier to get a new passport in Europe.

Sure, the police agreed, but we would have to lock you up the moment you came back. Having had more than my fill of the Gulag on another journalistic assignment, I didn't fancy taking that risk.

So we did it by the book: went to the local police station, filled in multiple forms with officials who showed not the slightest interest and needed my help with their Russian spelling. I learned the going rate for a "good" European Union passport was \$1,000.

They called two days later. Had my passport been found, I wondered, innocently, I

rushed to the police station to find they had just taken a statement from a beaten-up tourist and wanted me to provide them with a Russian transcription. I peevishly declined.

If you lose your passport in the wrong part of Russia, you rapidly embark on a seemingly endless bureaucratic nightmare, especially if there is no consulate within easy reach. A British, German, French or Italian passport, no problem: they have consulates in St Petersburg.

But for an Irishman, the only embassy is in Moscow. It's Catch-22 - you only get a passport if you reach the embassy - but without a passport, you can't buy an air or railway ticket to get there.

But Russians can buy tickets. I would just have to be Russian. Our chauffeur, Alex, offered to buy a train ticket to Moscow and I travelled as Mr Mozgalov. There is usually very little checking of passports on trains.

This meant I would be defrauding the state, as foreigners are charged premium prices. Never mind. It had to be done. I even managed to sleep on the Red Arrow train.

After we pulled into early-

morning Moscow, I fought my way out of the station and set off on foot to hail a cab while asking passers-by the way to the nearest hotel.

I was disoriented. The provincial Moscow I had known a couple of years earlier had been replaced by - to me - an unattractive, monolithic banking complex. I was

at the embassy, where the consul was involved with would-be parents. They were Irish, resident in the UK, and had collected a young boy from an orphanage for adoption. Russian authorities said the boy could not leave the country with his new parents and they were staying in a hotel while the mess was sorted out.

Mum and dad were the only people surprised that one Russian ministry said OK, while another issued a defiant *no*.

When my turn came, the paperwork was processed quickly and I emerged into the sunlight clutching a temporary passport, valid for one year. With hours to kill until my train, I spent much of the afternoon toying over lunch in the up-market eatery, *Maxima*.

I was drinking beer but glanced at the wine-list in an idle moment. Dom Perignon was \$280 a bottle; the excellent party at the next table drank eight bottles (with vodka chasers) while I was there.

The return train journey should have been routine. We were due in Petersburg around 1am but the train stopped eight miles south of the city and the crew announced they were going

Eight miles from the city the train crew said they were going no farther

not surprised to be rebuffed by the few pedestrians I encountered. "I don't talk to foreigners," they said. I was given away by my accent. I spoke Russian with a St Petersburg accent and there is no love lost between Muscovites and Petersburgers.

Finally, I paid a private driver \$20 - way over the top in Russian terms - to take me a couple of miles to a hotel which offered western breakfast.

I am not very good at waiting but I had to spend several hours doing just that

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